



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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The following document has been received:

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Company Information

SEC Registration No.: 0000180496

Company Name: MACQUARIE CAPITAL SECURITIES (PHILIPPINES) INC.

Industry Classification: J66930

Company Type: Stock Corporation

Document Information

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Document Type: Financial Statement

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Period Covered: March 31, 2024

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SEC Form 52-AR

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

ANNUAL AUDITED FINANCIAL REPORT

Information Required of Brokers and Dealers Pursuant to Rule 52.1 of the Securities Regulation Code.

Report for the period beginning April 1, 2023 and ending March 31, 2024.

| IDENTIFICATION OF BROKER OR DEALER | |
|---|--|
| Name of Broker/Dealer: | <u>Macquarie Capital Securities (Philippines), Inc.</u> |
| Address of Principal Place of Business | <u>Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City</u> |
| Name and Phone Number of Person to Contact in Regard to this Report | |
| Name: <u>Mr. Paulo Rojas</u> | Tel. No. <u>8857-0888</u> |

| IDENTIFICATION OF ACCOUNTANT | |
|--|-------------------------------------|
| Name of Independent Certified Public Accountant whose opinion is contained in this report: | |
| Name: <u>Zaldy D. Aguirre</u> | Tel. No. <u>8845-2728</u> |
| | Fax No. <u>8845-2806</u> |
| Address: <u>29th Floor, AIA Tower (formerly Philamlife Tower), Paseo de Roxas, Makati City</u> | |
| Certificate Number <u>105660</u> | |
| PTR Number <u>0024447</u> | Date Issued <u>January 12, 2024</u> |

This report contains:

1. SEC Form 52-AR
2. Statement of management's responsibility
3. Statements of financial position
4. Statements of income
5. Statements of comprehensive income
6. Statements of changes in equity
7. Statements of cash flows
8. Notes to financial statements
9. Statement of changes in liabilities subordinated to claims of general creditors (Schedule I)
10. Computation of Risk-Based Capital Adequacy (RBCA) ratio requirement pursuant to SRC Rule 49.1-A (Schedule II)
11. Information relating to the possession or control requirements under SRC Rule 49.2-A (Schedule III)
12. Computation for determination of reserve requirements under SRC Rule 49.2-B (Schedule IV)
13. A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Schedule V)
14. Results of monthly securities count conducted (Schedule VI)
15. Schedule of financial indicator (Schedule VII)

Macquarie Capital Securities (Philippines), Inc.

Statement of Changes in Liabilities
Subordinated to Claims of General Creditors
March 31, 2024

There are no liabilities subordinated to claims of general creditors as at March 31, 2024.

SCHEDULE II

Macquarie Capital Securities (Philippines), Inc.

Computation of Risk-Based Capital
Adequacy (RBCA) Ratio Under SRC Rule 49.1
March 31, 2024
(All amounts in Philippine Peso)

| | |
|--|--------------------|
| Total assets | 1,314,711,408 |
| Less: Total liabilities | <u>614,973,410</u> |
| Equity per books | 699,737,998 |
| Adjustments to equity per books | |
| Add (Deduct) | |
| Deferred income tax | (14,788,530) |
| Revaluation reserve | <u>(1,183,048)</u> |
| Equity eligible for net liquid capital | <u>683,766,420</u> |
| Less: Ineligible assets | |
| Trading right and all other intangible assets (net) | 1,775,000 |
| Due from related companies | 32,878,810 |
| Fixed assets, net of accumulated depreciation and excluding those used as collateral | 8,616,517 |
| All other current assets | 17,873,465 |
| Negative Exposure (SCCP) | 245,097 |
| Other assets | <u>806,652</u> |
| Total ineligible assets | <u>62,195,541</u> |
| Net liquid capital (NLC) | <u>621,570,879</u> |
| Less: | |
| Operational risk requirement (ORR) | 70,323,855 |
| Position risk requirement (PRR) | <u>16,122,085</u> |
| Total risk capital requirement (TRCR) | <u>86,445,940</u> |
| Net risk-based capital adequacy (RBCA) margin (NLC - TRCR) | <u>535,124,939</u> |
| Aggregate indebtedness (AI) | <u>608,614,381</u> |
| 5% of Aggregate indebtedness | <u>30,430,719</u> |
| Required NLC (5% of AI or P5 million whichever is higher) | <u>30,430,719</u> |
| Net risk-based capital excess | <u>591,140,160</u> |
| Ratio of AI to NLC | <u>0.98</u> |
| RBCA Ratio (NLC/TRCR) | <u>7.19</u> |

Macquarie Capital Securities (Philippines), Inc.

Information Relating to Possession or Control Requirements
Pursuant to SRC Rule 49.2 (Under Annex 49.2 - A)
March 31, 2024

1. Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at March 31, 2024 for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2 (Annex 49.2-A):

| | |
|------------------|-----|
| Market valuation | Nil |
| Number of items | Nil |

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as at the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under SRC Rule 49.2 (Annex 49.2 - A):

| | |
|------------------|-----|
| Market valuation | Nil |
| Number of items | Nil |

Macquarie Capital Securities (Philippines), Inc.

Computation for Determination of Reserve Requirements

Pursuant To SRC Rule 49.2 (Under Annex 49.2 - B)

March 31, 2024

(All amounts in Philippine Peso)

| | Credits | Debits |
|--|-------------|-------------|
| Free credit balances and other balances in customer securities accounts | | |
| Trade payables to customers | 243,760,593 | |
| Trade payables to clearing house | | |
| Trade payables to other brokers | | |
| Market value of stock dividends and splits outstanding over 30 calendar days | 44,759,653 | |
| Debit balances in customers cash accounts | | |
| Trade receivables from customers | | 135,786,822 |
| Trade receivables from clearing house | | 119,285,524 |
| Trade receivables from other brokers | | |
| Unsecured accounts | | (5,168,655) |
| Reduction by 1% | | (2,499,037) |
| Total | 288,520,246 | 247,404,654 |
| Net credit balance | 41,115,592 | |
| Balance - Special Reserve Account | 60,000,000 | |

Note: The Special Reserve Account is included under Cash in the Company's statements of financial position

Independent Auditor's Report

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

In planning and performing our audit of the financial statements and supplemental schedules of Macquarie Capital Securities (Philippines), Inc. (the "Company") as at and for the fiscal year ended 31 March 2024, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by the Securities Regulation Code (SRC) Rule 68-3.c.ii-iv of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in SRC Rule 68-3.c, in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net liquid capital under SRC Rule 49.1 and reserve requirement by SRC Rule 49.2.
2. Making the monthly securities examinations, counts, verifications and comparisons, reconciliation and reporting of differences required by SRC Rule 52.1.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities as required by SRC Rule 49.2.

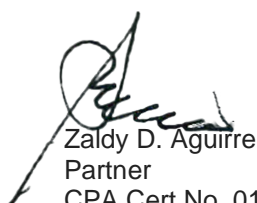
The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures for safeguarding securities. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with Philippine Financial Reporting Standards.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the Auditing and Assurance Standards Council. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by SEC to be adequate for its purposes in accordance with the SRC and related regulations, and that the practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate as at 31 March 2023 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors and Shareholder, Risk Management Group or its equivalent, management, the SEC and the Philippine Stock Exchange, Inc. in their regulation of registered Broker Dealers, and should not be used for any other purpose.

Isla Lipana & Co.



Zaldy D. Aguirre

Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
10 July 2024

Macquarie Capital Securities Philippines, Inc.
Schedule of Inventory of Securities
March 31, 2024
(All amounts in Philippine Peso, except number of shares)

| SECURITY NAME | SYMBOL | VAULT | NUMBER OF SHARES | | | TOTAL MARKET VALUE |
|--|--------|-------|--------------------|------------|-------------|-----------------------|
| | | | TRANSFER OFFICE | PCD | IN-TRANSIT | |
| Asiabest Group International Ord Shs | ABG | - | - | 1,600 | - | 5,648 |
| ABS-CBN Ord Shs | ABS | - | - | 10,500 | - | 43,995 |
| Ayala Ord Shs | AC | - | - | 217 | 52,750 | (33,621,120) |
| ACEN Corporation Ord Shs | ACEN | - | - | 651 | (134,000) | 518,406 |
| Aboitiz Equity Ventures PHP1 Ord Shs | AEV | - | - | 260 | 106,400 | (4,972,659) |
| Alliance Global Group Ord Shs | AGI | - | - | - | (37,800) | 384,048 |
| Ayala Land Ord Shs | ALI | - | - | 349,684 | (108,100) | 14,763,534 |
| Alaska Milk Corp Ord Shs | AMC | - | - | 2,500 | - | - |
| A. Soriano Corp Ord Shs | ANS | - | - | 39 | - | 460 |
| Apollo Global Ord Shs | APL | - | - | 690,000 | - | 7,590 |
| Altus Property Ventures, Inc. | APVI | - | - | 14 | - | 150 |
| AREIT INC Ord Shs | AREIT | - | - | - | - | - |
| BDO Unibank Ord Shs | BDO | - | - | - | (35,830) | 5,535,735 |
| Belle Ord Shs | BEL | - | - | 20,336 | - | 36,605 |
| Bloomberry Resorts Ord Shs | BLOOM | - | - | - | (59,500) | 656,880 |
| Bank Of The Philippine Islands Ord Shs | BPI | - | - | - | 748,170 | (88,358,877) |
| Basic Energy Ord Shs | BSC | - | - | 245 | - | 41 |
| Cebu Holdings Ord Shs | CHI | - | - | - | - | - |
| Century Pacific Food Ord Shs | CNPF | - | - | - | 512,100 | (20,484,000) |
| Converge Information & Communications Technology Solutions Ord Shs | CNVRG | - | - | - | (4,354,400) | 43,369,824 |
| DMCI Holdings Ord Shs | DMC | - | - | - | (118,700) | 1,348,432 |
| D&L Industries Ord Shs | DNL | - | - | - | - | - |
| Export And Industry Bank A Ord Shs | EIBA | - | - | 2,665 | - | - |
| Empire East Land Holdings Ord Shs | ELI | - | - | 14,444 | - | 2,614 |
| Emperador Ord Shs | EMI | - | - | - | 343,400 | (6,524,600) |
| First Abacus Ord Shs | FAF | - | - | 30,000 | - | 20,400 |
| Filinvest Land Ord Shs | FLI | - | - | 353,320 | - | 240,258 |
| First Philippine Holdings Ord Shs | FPH | - | - | 20,862 | - | 1,356,030 |
| Globe Tel Ord Shs | GLO | - | - | - | 1,715 | (3,033,835) |
| Greenery Holdings Ord Shs | GREEN | - | - | 308 | - | 71 |
| GT Capital Holdings Ord Shs | GTCAP | - | - | - | (30,130) | 21,211,520 |
| Holcim Phils Ord Shs | HLCM | - | - | 3,500 | - | - |
| International Container Terminal Services Ord Shs | ICT | - | - | - | 164,530 | (52,320,540) |
| Ionics Ord Shs | ION | - | - | 10,000 | - | 13,000 |
| Jollibee Foods Ord Shs | JFC | - | - | 20,829 | (37,180) | 14,653,073 |
| JG Summit Holdings 1 Ord Shs | JGS | - | - | - | (42,200) | 1,536,080 |
| Lepanto Consolidated Mining Class B Ord Shs | LCB | - | - | 225,000 | - | 17,550 |
| Lopez Holdings Ord Shs | LPZ | - | - | 10,210 | - | 41,759 |
| LT Group Ord Shs | LTG | - | - | - | 424,000 | (4,235,760) |
| Manila Mining Class B Ord Shs | MAB | - | - | 2,706,319 | - | 11,637 |
| Metropolitan Bank and Trust Co Ord Shs | MBT | - | - | 6 | (1,557,930) | 101,499,530 |
| Megaworld Corp Ord Shs | MEG | - | - | 35,802 | - | 68,740 |
| Manila Electric Ord Shs | MER | 200 | - | 688,404 | (8,690) | 248,933,958 |
| Monde Nissin Ord Shs | MONDE | - | - | - | (101,000) | 1,102,920 |
| Manila Water Ord Shs | MWC | - | - | - | 700 | (15,855) |
| Nickel Asia Ord Shs | NIKL | - | - | 14,015,000 | (53,000) | 56,272,000 |
| Philodrill Ord Shs | OV | - | - | 115,000 | - | 1,035 |
| Petron Corp Ord Shs | PCOR | - | - | - | (26,000) | 83,200 |
| Pure Gold Price Club Ord Shs | PGOLD | - | - | - | (47,200) | 1,264,960 |
| Phinma Corporation Ord Shs | PHN | 39 | - | 34,435 | - | 672,243 |
| Premium Leisure Ord Shs | PLC | - | - | - | 1,324,500 | (1,099,335) |
| Primetown Property Group Inc Ord Shs | PMT | - | - | 100 | - | - |
| Phil National Bank Ord Shs | PNB | - | - | 8,014 | - | 158,196 |
| Philtown Properties Inc | PPI | - | - | 2,798 | - | - |
| Phillex Mining Class A Ord Shs | PX | - | - | - | - | - |
| RFM Corp Ord Shs | RFM | - | - | 50,000 | - | 163,000 |
| Robinsons Land Ord Shs | RLC | - | - | 1,000 | 3,000 | (33,360) |
| REYNOLDS PHILIPPINE CORP PHP1 | RPC | - | - | 328,535 | - | - |
| Robinsons Retail Ord Shs | RRHI | - | - | 27,791,240 | - | 1,038,002,814 |
| Semirara Mining and Power Ord Shs | SCC | - | - | - | (31,200) | 1,088,880 |
| Security Bank Ord Shs | SECB | - | - | - | - | - |
| Swift Foods Ord Shs | SFI | - | - | 13,444 | - | 968 |
| Swift Foods Conv Pref Shs | SFIP | - | - | 2,197 | - | 3,691 |
| Shang Properties Ord Shs | SHNG | - | - | 2,053 | - | 7,637 |
| SM Investments Ord Shs | SM | - | - | - | 98,580 | (95,819,760) |

| SECURITY NAME | SYMBOL | NUMBER OF SHARES VAULT | TOTAL TRANSFER OFFICE | PCD | IN-TRANSIT | MARKET VALUE |
|---|--------|------------------------------|-----------------------------|-------------------|--------------------|----------------------|
| San Miguel Ord Shs | SMC | - | - | 1,728 | | 189,907 |
| SM Prime Holdings Ord Shs | SMPH | - | - | 406,933 | 262,800 | 4,713,149 |
| Seafront Resources Corp Ord Shs | SPM | - | - | 2,716 | | 3,259 |
| Steniel Manufacturing Corp Ord Shs | STN | - | - | 625 | | |
| Sani Wares Mfg Ord Shs | SWM | - | - | 15,499,800 | | |
| PLDT Inc Ord Shs | TEL | - | - | 383 | (2,990) | 4,621,010 |
| Top Frontier Investment Holdings Ord Shs | TFHI | - | - | 172 | | 15,532 |
| Upton International Ord Shs | UPSON | - | - | | 133,000 | (135,660) |
| Universal Robina Ord Shs | URC | - | - | | | |
| Vantage Equities Ord Shs | V | - | - | 345,000 | | 269,100 |
| Victorias Milling Company Inc Ord Shs | VMC | 77,987 | - | | | 217,584 |
| Wise Holdings Class B Ord Shs | WHIB | - | - | 541 | | |
| Wilcon Depot Ord Shs | WLCON | - | - | 800,000 | | 14,224,000 |
| Sta Elena Golf Club Shares | | 1 | - | | | 17,833,333 |
| Grand Total | | 78,227 | | 64,619,429 | (2,610,205) | 1,286,530,625 |

MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF MARCH 31, 2024
(All amounts in Philippine Peso)

| Ratio | Formula | 2024 | 2023 |
|------------------------------|---|-------------|-------------|
| Current ratio | Current Assets ÷ Current Liabilities | 2.14 | 2.49 |
| Acid test ratio | (Current Assets - Prepayments) ÷ Current Liabilities | 2.11 | 2.47 |
| Solvency ratio | (Net income for the year + Non-cash expenses) ÷ Total liabilities | -4.95% | 0.54% |
| Debt-to-equity ratio | Total Liabilities ÷ Total Equity | 0.87 | 0.67 |
| Asset-to-equity ratio | Total Assets ÷ Total Equity | 1.87 | 1.67 |
| Interest rate coverage ratio | Income from operations ÷ Finance cost | -1.25 | 2.49 |
| Return on equity | Net income for the year ÷ Total Equity | -3.89% | 1.24% |
| Return on assets | Net income for the year ÷ Total Assets | -2.08% | 0.74% |
| Net profit margin | Net income for the year ÷ Total Income | -8.65% | 4.80% |

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
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| A | V | E | N | U | E | , | | M | A | K | A | T | I | | C | I | T | Y | | | | | | | | | | |
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Department requiring the report

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Secondary License Type, if Applicable

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COMPANY INFORMATION

Company's Email Address

| |
|-------------------------|
| FMGPHMSPI@macquarie.com |
|-------------------------|

Company's Telephone Number/s

| |
|-----------|
| 8857 0888 |
|-----------|

Mobile Number

| |
|--|
| |
|--|

No. of Stockholders

| |
|---|
| 8 |
|---|

Annual Meeting (Month/Day)

| |
|---------------------------|
| Last Tuesday day of April |
|---------------------------|

Fiscal Year (Month/Day)

| |
|------|
| 3/31 |
|------|

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

| |
|----------------|
| BARNEY AGUILAR |
|----------------|

Email Address

| |
|------------------------------|
| barney.aguilar@macquarie.com |
|------------------------------|

Telephone Number/s

| |
|-----------|
| 8857-0950 |
|-----------|

Mobile Number

| |
|--|
| |
|--|

CONTACT PERSON'S ADDRESS

| |
|---|
| Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City |
|---|

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Macquarie Capital Securities (Philippines) Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended March 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the shareholders.

Isla Lipana & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Paulo C. Rojas
President and Chairman of the Board



Ailyn B. Perocho
Head of Finance

Signed this 10th day of July 2024



Independent Auditor's Report

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Macquarie Capital Securities (Philippines), Inc. (the "Company") as at 31 March 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards ("PFRS").

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at 31 March 2024 and 2023;
- the statements of comprehensive income for the years ended 31 March 2024 and 2023;
- the statements of changes in equity for the years ended 31 March 2024 and 2023;
- the statements of cash flows for the years ended 31 March 2024 and 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Page 2

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010 in Note 20 to the financial statements is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a horizontal line.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
10 July 2024



**Statements Required by Rule 68, Part I, Section 3F,
Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

We have audited the financial statements of Macquarie Capital Securities (Philippines) Inc. as at and for the year ended 31 March 2024, on which we have rendered the attached report dated 10 July 2024.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at 31 March 2024, the Company has only one (1) shareholder owning more than one hundred (100) shares.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a diagonal line that extends from the bottom left towards the top right.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
10 July 2024

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Statements Required by Rule 68, Part I, Section 4, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

We have audited the financial statements of Macquarie Capital Securities (Philippines), Inc. as at and for the year ended 31 March 2024, on which we have rendered the attached report dated 10 July 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional component required by Part I, Section 4 of Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 of Rule 68 of the SRC.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Zaldy D. Aguirre", is written over a diagonal line that extends from the bottom left towards the top right.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

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Makati City
10 July 2024

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**Statements Required by Rule 52.1-5
Securities Regulation Code (SRC),
As Amended on 30 December 2003**

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

We have audited the financial statements of Macquarie Capital Securities (Philippines), Inc. as at and for the year ended 31 March 2024, on which we have rendered the attached report dated 10 July 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules I to VI is presented for purposes of complying with SRC Rule 52.1-5 and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 52.1-5 of the SRC.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a diagonal line that extends from the bottom left towards the top right.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
10 July 2024

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Macquarie Capital Securities (Philippines), Inc.

Statements of Financial Position

As at 31 March 2024 and 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

| | Assets | | | | | | |
|---|--------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| | 2024 | | | | 2023 | | |
| | Notes | Carrying amount | Security valuation | | Carrying amount | Security valuation | |
| | | Long | Short | | Long | Short | |
| CURRENT ASSETS | | | | | | | |
| Cash | 2 | 965,066,755 | - | - | 1,756,365,152 | - | - |
| Financial assets at fair value through profit or loss | 3 | 17,833,333 | 17,833,333 | - | - | - | - |
| Receivables | | | | | | | |
| Trade | 4 | 255,072,346 | 1,966,340,301 | 441,392,820 | 298,578,211 | 1,526,350,946 | 302,070,033 |
| Non-trade | 16 | 32,878,810 | - | - | 22,170,269 | - | - |
| Prepayments and other current assets | 5 | 17,873,465 | - | - | 11,367,009 | - | - |
| Total current assets | | 1,288,724,709 | 1,984,173,634 | 441,392,820 | 2,088,480,641 | 1,526,350,946 | 302,070,033 |
| NON-CURRENT ASSETS | | | | | | | |
| Trading right | 6 | 1,775,000 | - | - | 1,775,000 | - | - |
| Property and equipment, net | 7 | 8,616,517 | - | - | 11,021,303 | - | - |
| Financial assets at fair value through profit or loss | 3 | - | - | - | 7,833,333 | 7,833,333 | - |
| Deferred tax assets, net | 9 | 8,429,501 | - | - | - | - | - |
| Refundable deposits | | 806,652 | - | - | 800,235 | - | - |
| Total non-current assets | | 19,627,670 | - | - | 21,429,871 | 7,833,333 | - |
| Total assets | | 1,308,352,379 | 1,984,173,634 | 441,392,820 | 2,109,910,512 | 1,534,184,279 | 302,070,033 |
| SECURITIES | | | | | | | |
| With Philippine Depository and Trust Corporation (including in-transit securities) | | | | | 1,268,407,549 | | 1,082,982,548 |
| In vault and custodian bank | | | | | 18,123,077 | | 8,134,938 |

(The notes on pages 1 to 39 are an integral part of these financial statements.)

Macquarie Capital Securities (Philippines), Inc.

Statements of Financial Position

As at 31 March 2024 and 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

| | Notes | Liabilities and Equity | | | | | |
|---|-------|-------------------------------|----------------------------|----------------------|----------------------|----------------------------|--------------------|
| | | 2024 | | | 2023 | | |
| | | Carrying amount | Security valuation Long | Short | Carrying amount | Security valuation Long | Short |
| CURRENT LIABILITIES | | | | | | | |
| Payables | | | | | | | |
| Trade | 4 | 243,760,593 | 404,791,396 | 661,041,584 | 292,228,325 | 143,321,950 | 284,318,710 |
| Non-trade | 16 | 309,468,926 | - | - | 501,884,355 | - | - |
| Accrued expenses and other liabilities | 8 | 47,077,059 | - | - | 42,622,955 | - | - |
| Lease liability | 14 | 3,043,945 | - | - | 2,714,198 | - | - |
| Total current liabilities | | 603,350,523 | 404,791,396 | 661,041,584 | 839,449,833 | 143,321,950 | 284,318,710 |
| NON-CURRENT LIABILITIES | | | | | | | |
| Lease liability | 14 | 4,210,636 | - | - | 7,141,160 | - | - |
| Deferred tax liabilities, net | 9 | - | - | - | 332,445 | - | - |
| Asset retirement obligation | 7 | 1,053,222 | - | - | 1,126,822 | - | - |
| Retirement benefit obligation | 12 | - | - | - | - | - | - |
| Total non-current liabilities | | 5,263,858 | - | - | 8,600,427 | - | - |
| Total liabilities | | 608,614,381 | 404,791,396 | 661,041,584 | 848,050,260 | 143,321,950 | 284,318,710 |
| EQUITY | | | | | | | |
| Share capital | 10 | 464,384,200 | - | - | 464,384,200 | - | - |
| Additional paid-in capital | 10 | 9,604,122 | - | - | 9,604,122 | - | - |
| Remeasurement gain on retirement benefit obligation | 12 | 1,183,048 | - | - | 1,326,784 | - | - |
| Retained earnings | 10 | | - | - | | - | - |
| Appropriated | | 221,733,634 | - | - | 221,733,634 | - | - |
| Unappropriated | | 2,832,994 | - | - | 564,811,512 | - | - |
| Total equity | | 699,737,998 | - | - | 1,261,860,252 | - | - |
| Total liabilities and equity | | 1,308,352,379 | 2,388,965,030 | 1,102,434,404 | 2,109,910,512 | 1,677,506,229 | 586,388,743 |

(The notes on pages 1 to 39 are an integral part of these financial statements.)

Macquarie Capital Securities (Philippines), Inc.

Statements of Comprehensive Income
As at 31 March 2024 and 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

| | Notes | 2024 | 2023 |
|---|---------|--------------|-------------|
| Income | | | |
| Commission | 4,16 | 294,157,811 | 295,266,428 |
| Interest | 2,16 | 5,701,759 | 5,203,433 |
| Foreign exchange gain/loss, net | 18 | - | 19,549,321 |
| Fair value gain on financial assets at fair value through profit or loss, net | 3 | 10,156,019 | - |
| Others | | 4,992,554 | 4,973,499 |
| | | 315,008,143 | 324,992,681 |
| Expenses | | | |
| Management fees | 16 | 161,297,300 | 125,427,474 |
| Compensation and fringe benefits | 11 | 94,123,294 | 94,613,726 |
| Communication | | 32,230,857 | 27,186,115 |
| Exchange fees | | 19,037,846 | 20,236,969 |
| Occupancy | | 11,462,807 | 9,869,547 |
| Professional fees | | 4,006,932 | 3,709,598 |
| Depreciation and amortization | 7 | 3,410,819 | 3,531,934 |
| Printing, entertainment, and transportation | | 2,584,313 | 2,511,638 |
| Taxes and licenses | 20 | 1,030,239 | 893,265 |
| Fair value loss on financial assets at fair value through profit or loss, net | 3 | - | 647,359 |
| Foreign exchange gain/loss, net | 18 | 2,132,836 | - |
| Miscellaneous | | 1,220,205 | 1,307,300 |
| | | 332,537,448 | 289,934,925 |
| (Loss) income from operations | | (17,529,305) | 35,057,756 |
| Finance cost | 7,14,16 | 14,001,269 | 14,067,767 |
| (Loss) income before income tax | | (31,530,574) | 20,989,989 |
| Income tax benefit (expense) | 15 | 4,289,056 | (5,404,460) |
| Net (loss) income for the year | | (27,241,518) | 15,585,529 |
| Other comprehensive loss | | | |
| Item that will not be subsequently reclassified to profit or loss | | | |
| Remeasurement loss on retirement benefit obligation, net of tax | 12 | (143,736) | (470,156) |
| Total comprehensive (loss) income for the year | | (27,385,254) | 15,115,373 |

(The notes on pages 1 to 39 are an integral part of these financial statements.)

Macquarie Capital Securities (Philippines), Inc.

Statements of Changes in Equity

As at 31 March 2024 and 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

| | Share capital (Note 10) | Additional paid-in capital (Note 10) | Remeasurement gain on retirement benefit obligation (Note 12) | Retained earnings (Note 10) | | Total |
|---|----------------------------|--|--|--------------------------------|----------------|---------------|
| | | | | Appropriated | Unappropriated | |
| Balances at 1 April 2022 | 464,384,200 | 9,604,122 | 1,796,940 | 220,175,081 | 550,784,536 | 1,246,744,879 |
| Comprehensive income | | | | | | |
| Net income for the year | - | - | - | - | 15,585,529 | 15,585,529 |
| Other comprehensive loss for the year | - | - | (470,156) | - | - | (470,156) |
| Total comprehensive income for the year | - | - | (470,156) | - | 15,585,529 | 15,115,373 |
| Other movement | | | | | | |
| Appropriation of retained earnings | - | - | - | 1,558,553 | (1,558,553) | - |
| Balances at 31 March 2023 | 464,384,200 | 9,604,122 | 1,326,784 | 221,733,634 | 564,811,512 | 1,261,860,252 |
| Comprehensive loss | | | | | | |
| Net loss for the year | - | - | - | - | (27,241,518) | (27,241,518) |
| Other comprehensive loss for the year | - | - | (143,736) | - | - | (143,736) |
| Total comprehensive loss for the year | - | - | (143,736) | - | (27,241,518) | (27,385,254) |
| Other movement | | | | | | |
| Dividends declared and paid | - | - | - | - | (534,737,000) | (534,737,000) |
| Balances at 31 March 2024 | 464,384,200 | 9,604,122 | 1,183,048 | 221,733,634 | 2,832,994 | 699,737,998 |

(The notes on pages 1 to 39 are an integral part of these financial statements.)

Macquarie Capital Securities (Philippines), Inc.

Statements of Cash Flows
As at 31 March 2024 and 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

| | Notes | 2024 | 2023 |
|---|------------|---------------|---------------|
| Cash flows from operating activities | | | |
| (Loss) income before income tax | | (31,530,574) | 20,989,989 |
| Adjustments for: | | | |
| Share-based compensation expense | 11 | 683,195 | 1,208,740 |
| Depreciation and amortization | 7 | 3,410,819 | 3,531,934 |
| Unrealized foreign exchange gain | 18 | 7,308,850 | (19,479,358) |
| Provision for expected credit losses | 16 | 3,641 | 1,560 |
| Unrealized fair value gain on financial assets at fair value through profit or loss | 3 | (10,000,000) | (1,666,667) |
| Retirement benefit expense | 11,12 | 6,578,784 | 6,064,086 |
| Interest income | 2,16 | (5,701,759) | (5,203,433) |
| Finance cost | 7,14,15,16 | 13,119,844 | 13,400,992 |
| Impairment of asset | 7 | 92,518 | 50,017 |
| Dividend income | 3 | (7,380) | (331) |
| Operating (loss) income before changes in operating assets and liabilities | | (16,042,062) | 18,897,529 |
| Changes in operating assets and liabilities (Increase) decrease in: | | | |
| Financial assets at fair value through profit or loss | | - | 34,996 |
| Receivables | | 32,787,266 | 177,223,891 |
| Prepayments and other current assets | | (10,813,658) | (7,485,478) |
| Refundable deposits | | | |
| Increase (decrease) in: | | | |
| Payables | | (244,582,697) | (51,110,952) |
| Accrued expenses and other liabilities | | 4,489,709 | (7,628,737) |
| Cash (used in) generated from operations | | (234,161,442) | 129,931,249 |
| Interest received | | 5,701,759 | 5,203,433 |
| Income taxes paid | | | (11,268,670) |
| Dividend received | 3 | 7,380 | 331 |
| Payment of interest expense from lease liability | 14 | (455,680) | (357,268) |
| Retirement contribution | 12 | (6,770,432) | (6,720,000) |
| Net cash (used in) provided by operating activities | | (235,678,415) | 116,789,075 |
| Cash flow from an investing activity | | | |
| Acquisition of property and equipment | 7 | (1,161,775) | (104,706) |
| Cash flow from a financing activity | | | |
| Dividends paid | 10 | (534,737,000) | - |
| Payment of principal portion of lease liability | 14 | (2,600,777) | (2,553,643) |
| Net (decrease) increase in cash | | (774,177,967) | 114,130,726 |
| Cash | 2 | | |
| Beginning of year | | 1,756,365,152 | 1,611,668,394 |
| Effects of changes in exchange rate on cash | | (17,120,430) | 30,566,032 |
| End of year | | 965,066,755 | 1,756,365,152 |

(The notes on pages 1 to 39 are an integral part of these financial statements.)

Macquarie Capital Securities (Philippines), Inc.

Notes to the Financial Statements

As at and for the years ended March 31, 2024 and 2023

(All amounts are shown in Philippine Peso, unless otherwise stated)

1 General information

Macquarie Capital Securities (Philippines), Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on 21 August 1990 primarily to engage in the business of stockbrokerage.

The Company is a wholly-owned subsidiary of Macquarie International Holdings, Limited (the “Parent Company”), a company incorporated in the United Kingdom. The Company’s ultimate parent company is Macquarie Group Limited (MGL) which was incorporated in Australia.

The Company’s registered office address and principal place of business is located at Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City, Philippines. The Company has 13 full-time regular employees as at 31 March 2024 and 2023.

These financial statements have been approved and authorized for issue by the Company’s Board of Directors on 10 July 2024.

2 Cash

The account at 31 March consists of:

| | 2024 | 2023 |
|--------------------|-------------|---------------|
| Cash in banks | | |
| In Philippine Peso | 763,540,693 | 1,115,038,413 |
| In US Dollar | 201,526,062 | 641,326,739 |
| | 965,066,755 | 1,756,365,152 |

Cash in banks carry interest at market rates. Interest income earned from cash in banks in 2024 amounts to P4,407,126 (2023 - P3,333,877). Cash in banks earn interest at prevailing market rates.

In compliance with the Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company’s reserve requirement is determined based on the SEC’s prescribed computations. As at 31 March 2024, the Company’s special reserve included in cash in banks amounts to P60,000,000 (2023 - P64,000,000).

3 Financial assets at fair value through profit or loss (FVTPL)

The movement of the account as at 31 March are as follows:

| | Listed shares | | Unlisted shares | |
|---------------|---------------|-----------------|-----------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| April 1 | - | 34,996 | 7,833,333 | 6,166,666 |
| Purchase | 467,864,796 | 2,564,213,647 | - | - |
| Disposal | (468,020,815) | (2,561,934,617) | - | - |
| FV adjustment | 156,019 | (2,314,026) | 10,000,000 | 1,666,667 |
| March 31 | - | - | 17,833,333 | 7,833,333 |

Details of the account at 31 March are as follows:

| | 2024 | 2023 |
|---------------------------|------------|-----------|
| Unlisted golf club shares | 17,833,333 | 7,833,333 |

The account is expected to be realized as follows:

| | 2024 | 2023 |
|------------------------------|------------|-----------|
| Current (within 12 months) | 17,833,333 | - |
| Non-current (over 12 months) | - | 7,833,333 |
| | 17,833,333 | 7,833,333 |

In 2024, the Company earned dividends from its investment in listed shares amounting to P7,380 (2023 - P331).

The net fair value loss recognized in profit or loss for the years ended 31 March is shown below:

| | 2024 | 2023 |
|----------------------------|------------|-------------|
| Unrealized fair value gain | 10,000,000 | 1,666,667 |
| Realized loss, net | 156,019 | (2,314,026) |
| | 10,156,019 | (647,359) |

4 Trade receivables/payables from securities transactions; Commission income

Trade receivables

Trade receivables at 31 March consist of:

| | Note | 2024 | 2023 |
|-------------------------------------|------|-------------|-------------|
| Trade receivables from: | | | |
| Customers | | 114,272,238 | 119,691,447 |
| Related party | 16 | 21,514,584 | 178,886,764 |
| Clearing House | | 119,285,524 | - |
| | | 255,072,346 | 298,578,211 |
| Trade receivables as to collateral: | | | |
| Cash and fully secured accounts | | 119,285,524 | 971,284 |
| Partially secured accounts | | 135,786,822 | 297,606,927 |
| | | 255,072,346 | 298,578,211 |

Securities owned by customers are held as collaterals for amounts due from customers. The fair value of such collateral is presented in the statement of financial position.

There was no allowance for expected credit losses relating to trade receivables required and recognized in 2024 and 2023 (Note 17.1).

Trade payables

Trade payables at 31 March consist of:

| | 2024 | 2023 |
|----------------|-------------|-------------|
| Related party | 199,431,488 | 38,418,301 |
| Customers | 44,329,105 | 97,357,529 |
| Clearing House | - | 156,452,495 |
| | 243,760,593 | 292,228,325 |

Trade receivables/payables to Clearing House represent amounts receivable from/payable to the Securities Clearing Corporation of the Philippines (SCCP) arising from buying and selling transactions during the last three trading days of the fiscal year.

The amounts presented above are collectible/ payable within two trading days (2023 - three trading days) from the date of transaction.

Commission Income

The breakdown of Commission income is as follows:

| | Note | 2024 | 2023 |
|---------------|------|-------------|-------------|
| Related party | 16 | 221,493,077 | 212,564,914 |
| Third parties | | 72,664,734 | 82,701,514 |
| | | 294,157,811 | 295,266,428 |

The commission income pertains to income derived from buying and selling transactions executed during the year.

5 Prepayments and other current assets

The account at 31 March consists of:

| | 2024 | 2023 |
|--------------------------------|------------|------------|
| Creditable withholding tax | 17,068,226 | 9,702,563 |
| Prepaid expenses | 378,714 | 1,085,558 |
| Deferred input value added tax | 426,525 | 578,888 |
| | 17,873,465 | 11,367,009 |

Prepaid expenses consist of prepaid contributions to Macquarie Group Employee Retained Equity Plan (MEREPE) and prepaid insurance, expected to be realized in the next 12 months.

6 Trading right

Trading right as at 31 March 2024 and 2023 amounting to P1,775,000 was granted by the Philippine Stock Exchange (PSE) to the Company as a trading participant. The value of the trading right is pledged by the Company to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future contracts with other trading participants. There are no other assets of the Company pledged as collateral for similar liabilities.

The market value of the trading right based on its last transaction price at the PSE on 16 November 2022 is P8,000,000.00.

7 Property and equipment, net

Details of the account as at and for the years ended 31 March follow:

| | Furniture and fixtures | Office and computer equipment | Communication equipment | Office space | Total |
|----------------------------------|---------------------------|-------------------------------------|----------------------------|--------------|------------|
| Cost | | | | | |
| At 31 March 2022 | 110,840 | 3,497,021 | 113,188 | 14,651,127 | 18,372,176 |
| Additions | - | 104,706 | - | 6,225,932 | 6,330,638 |
| At 31 March 2023 | 110,840 | 3,601,727 | 113,188 | 20,877,059 | 24,702,814 |
| Additions | - | 1,161,775 | - | - | 1,161,775 |
| Adjustment | - | - | - | (63,224) | (63,224) |
| At 31 March 2024 | 110,840 | 4,763,502 | 113,188 | 20,813,835 | 25,801,365 |
| Accumulated depreciation | | | | | |
| At 31 March 2022 | 109,640 | 2,572,946 | 100,787 | 7,316,187 | 10,099,560 |
| Depreciation and amortization | 1,200 | 632,551 | 12,401 | 2,885,782 | 3,531,934 |
| Impairment | - | 50,017 | - | - | 50,017 |
| At 31 March 2023 | 110,840 | 3,255,514 | 113,188 | 10,201,969 | 13,681,511 |
| Depreciation and amortization | - | 445,910 | - | 2,964,909 | 3,410,819 |
| Impairment | - | 92,518 | - | - | 92,518 |
| At 31 March 2024 | 110,840 | 3,793,942 | 113,188 | 13,166,878 | 17,184,848 |
| Net carrying value | | | | | |
| 31 March 2023 | - | 346,213 | - | 10,675,090 | 11,021,303 |
| 31 March 2024 | - | 969,560 | - | 7,646,957 | 8,616,517 |

Asset retirement obligation

The Company recognizes asset retirement obligation (included in right-of-use asset) to restore its leased facilities to their original condition upon termination of the respective leases in accordance with the related contracts. As at 31 March 2024, the net carrying amount of asset retirement obligation amounts to P1,053,222 (2023 - P1,126,822) and presented as part of non-current liabilities in the statement of financial position. Interest income recognized for asset retirement obligation during the year amounts to P10,377 (2023 - P43,210).

Right-of-use asset

Right-of-use asset is presented as part of Office space under Property and equipment, net. Adjustment pertains to the Consumer Price Index (CPI) impact on the Asset retirement obligation which is computed semi-annually and at year-end.

8 Accrued expenses and other liabilities

The account at 31 March consists of:

| | 2024 | 2023 |
|----------------------------|-------------------|-------------------|
| Provision for profit share | 10,210,863 | 13,490,000 |
| Dividends payable | 9,008,154 | 8,466,042 |
| Output value-added tax | 8,093,218 | 6,583,009 |
| Stock transaction tax | 7,022,816 | 2,986,452 |
| Withholding taxes | 2,457,779 | 2,908,468 |
| Unused leave credits | 2,045,250 | 2,592,836 |
| Exchange fees | 3,748,146 | 2,130,443 |
| Other employee benefits | 1,416,877 | 1,382,719 |
| Professional fees | 1,735,514 | 1,022,242 |
| Utilities | 251,295 | 181,533 |
| Other accrued expenses | 1,087,147 | 879,211 |
| | 47,077,059 | 42,622,955 |

Dividends payable pertains to dividend earned from shares held in behalf of customers.

Other employee benefits include accrual for thirteenth month pay and other bonuses.

Other accrued expenses include accruals for general and administrative expenses such as communication and transportation and travel.

9 Deferred taxes, net

The account at 31 March consists of:

| | 2024 | 2023 |
|--|--------------------|--------------------|
| Deferred tax assets | | |
| Provision for profit share and other bonuses | 2,552,716 | 3,372,500 |
| Provision for other employee benefits | 1,990,701 | 2,397,865 |
| SCCP CTGF contributions | 843,568 | 495,529 |
| Provision for retirement benefit obligation | 394,350 | 442,262 |
| Impairment of PPE | 23,130 | - |
| NOLCO | 8,984,065 | - |
| | 14,788,530 | 6,708,156 |
| Deferred tax liabilities | | |
| Unrealized foreign exchange gain | (1,827,212) | (4,869,840) |
| Unrealized fair value gain on financial assets at fair value through profit or loss | (4,130,564) | (1,630,564) |
| Remeasurements of retirement benefit obligation | (394,349) | (442,261) |
| Lease payments | (6,904) | (97,936) |
| | (6,359,029) | (7,040,601) |
| Deferred tax assets (liabilities), net | 8,429,501 | (332,445) |

The movements in deferred tax (liabilities) assets, net are summarized as follows:

| | Provision for profit share and other bonuses | Provision for other employee benefits | SCCP CTGF Contributions | Provision for retirement benefit obligation | Unrealized foreign exchange gain | Unrealized fair value gain on financial assets at fair value through profit or loss | Remeasurement of retirement benefit obligation | Lease payments | Impairment of PPE | Losses | Total |
|--|---|--|-------------------------------|--|---|--|---|-------------------|----------------------|-----------|-------------|
| At 1 April 2022 | 4,474,759 | 3,226,689 | - | 606,241 | (4,773,790) | (1,213,897) | (598,980) | (180,971) | - | - | 1,540,051 |
| (Charged) credited to profit or loss | (1,102,259) | (828,824) | 495,529 | (163,979) | (96,050) | (416,667) | - | 83,035 | - | - | (2,029,215) |
| Credited to other comprehensive income | - | - | - | - | - | - | 156,719 | - | - | - | 156,719 |
| At 31 March 2023 | 3,372,500 | 2,397,865 | 495,529 | 442,262 | (4,869,840) | (1,630,564) | (442,261) | (97,936) | - | - | (332,445) |
| (Charged) credited to profit or loss | (819,784) | (407,164) | 348,039 | (47,912) | 3,042,628 | (2,500,000) | - | 91,032 | 23,130 | 8,984,065 | 8,714,034 |
| Credited to other comprehensive income | - | - | - | - | - | - | 47,912 | - | - | - | 47,912 |
| At 31 March 2023 | 2,552,716 | 1,990,701 | 843,568 | 394,350 | (1,827,212) | (4,130,564) | (394,349) | (6,904) | 23,130 | 8,984,065 | 8,429,501 |

10 Equity

Details of share capital as at 31 March 2024 and 2023 follow:

| | Number of shares | Amount |
|--|------------------|-------------|
| Common shares | | |
| Authorized (at P100 par value per share) | 4,700,000 | 470,000,000 |
| Issued and outstanding | 4,643,842 | 464,384,200 |

As at 31 March 2024 and 2023, the Company has an additional paid-in capital amounting to P9,604,122.

(a) Appropriation of retained earnings

In compliance with Rule 49.1 (B) - Reserve Fund of the SEC, every broker dealer with more than P50,000,000 unimpaired paid-up capital is required to appropriate at a minimum 10% of its audited net income to an appropriated retained earnings account. Accordingly, management appropriated 10% of its net income in 2023 amounting to P1,558,553 (2022 - P10,626,138). The total amount appropriated by the Company as at 31 March 2024 and 2023 amounts to P221,733,634 and P221,733,634 respectively.

(b) Dividends

On 20 April 2023, management approved the declaration of P59.16 per share cash dividends to its shareholders amounting to P274,737,000 from its unappropriated retained earnings in 2023, which were paid on 24 April 2023.

Further, on 29 June 2023, management approved the declaration of Php 55.99 per share cash dividends to its shareholders amounting to Php 260,000,000 from its unappropriated retained earnings in 2023, which were paid on 6 July 2023.

As at 31 March 2024, the Company has no excess retained earnings over its share capital (2023 - P100,427,312).

11 Compensation and fringe benefits

The account for the years ended 31 March consists of:

| | Notes | 2024 | 2023 |
|----------------------------------|-------|------------|------------|
| Salaries and wages | | 75,202,561 | 71,743,668 |
| Bonus | | 10,260,863 | 13,489,935 |
| Retirement benefit expense | 12 | 6,578,784 | 6,064,086 |
| Share-based compensation expense | 13 | 683,195 | 1,208,740 |
| Other employee benefits | | 1,397,891 | 2,107,297 |
| | | 94,123,294 | 94,613,726 |

12 Retirement plan

The Company maintains a defined contribution plan which is accounted for as a defined benefit plan with minimum guarantee. Every month, the Company contributes an amount equivalent to ten percent (10%) of the employees' salaries to its retirement plan (Note 19.16.3).

Following are the details of the Company's defined benefit obligation for the minimum defined benefit guarantee as at 31 March:

| | 2024 | 2023 |
|---|------------|------------|
| Present value of defined benefit obligation | 84,943,195 | 75,349,066 |
| Fair value of plan assets | 84,943,195 | 75,349,066 |
| Retirement benefit obligation | - | - |

The movements in the fair value of plan assets for the years ended 31 March are as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| Beginning of the year | 75,349,066 | 70,849,931 |
| Employer contributions | 6,770,432 | 6,720,000 |
| Interest income | 5,013,988 | 4,296,755 |
| Transfers | (781,453) | - |
| Remeasurement on plan assets (excluding interest income) | (1,408,838) | (6,517,620) |
| End of the year | 84,943,195 | 75,349,066 |

The plan is being administered by a trustee-bank which is authorized to invest the fund as it deems proper and covered by local regulations and practices in the Philippines.

The movements in the present value of defined benefit obligation are as follows:

| | 2024 | 2023 |
|---|-------------|-------------|
| Beginning of the year | 75,349,066 | 70,878,970 |
| Current service cost | 6,770,432 | 6,256,949 |
| Interest expense | 4,822,340 | 4,103,892 |
| Transfers | (781,453) | - |
| Remeasurement gain | | |
| Effects of experience adjustments | (1,217,190) | (5,709,877) |
| Effects of changes in financial assumptions | - | (180,868) |
| End of the year | 84,943,195 | 75,349,066 |

The components of retirement benefit expense recognized in profit or loss for the years ended 31 March are as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| Current service cost | 6,770,432 | 6,256,949 |
| Net interest cost | | |
| Interest expense on defined benefit obligation | 4,822,340 | 4,103,892 |
| Interest income on plan assets | (5,013,988) | (4,296,755) |
| Retirement benefit expense | 6,578,784 | 6,064,086 |

The amounts recognized in other comprehensive income for the years ended 31 March are as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| Remeasurement - defined benefit obligation | | |
| Due to experience adjustments | (1,217,190) | (5,709,877) |
| Due to changes in financial assumptions | - | (180,868) |
| Remeasurement - return on plan assets | 1,408,838 | 6,517,620 |
| | 191,648 | 626,875 |
| Deferred tax benefit | (47,912) | (156,719) |
| Net amount | 143,736 | 470,156 |

The composition of plan assets at 31 March is as follows:

| | 2024 | 2023 |
|-------------------|------------|------------|
| Equity securities | 52,545,860 | 31,880,190 |
| Debt securities | 32,218,954 | 29,830,695 |
| Others | 178,381 | 13,638,181 |
| | 84,943,195 | 75,349,066 |

Others include investments in unit investment trust funds (UITF) and mutual funds. The Company has no other transactions with the plan other than the regular funding contributions.

The assumptions used to determine retirement benefits for the years ended 31 March are as follows:

| | 2024 | 2023 |
|----------------------|-------|-------|
| Discount rate | 6.21% | 6.40% |
| Salary increase rate | 5.00% | 5.00% |

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The retirement plan typically exposes the Company to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the retirement obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of retirement obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension liability and the strength of the Company itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

The Company ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The Company's main objective is to match assets to the retirement obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The weighted average duration of the defined benefit obligation is 1.3 years (2023 - 1.5 years).

The expected contribution following the Company's defined contribution for the year ending 31 March 2025 amounts to nil.

The projected maturity analysis of retirement benefit payments as at 31 March is as follows:

| | 2024 | 2023 |
|----------------------|-------------|-------------|
| Less than a year | 4,467,189 | 3,888,566 |
| Between 1 to 3 years | 10,400,483 | 9,217,052 |
| Over 3 years | 119,641,091 | 121,474,594 |

The sensitivity of the retirement obligation to changes in the weighted principal assumptions follows:

| | Impact on retirement obligation | | |
|--------------------|---------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| 31 March 2024 | | | |
| Discount rate | +/-1% | 97,999 | - |
| Salary growth rate | +/-1% | 94,119 | - |
| 31 March 2023 | | | |
| Discount rate | +/-1% | 31,684 | - |
| Salary growth rate | +/-1% | 29,026 | - |

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement obligation to significant actuarial assumptions, the same method (present value of the retirement obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

13 Share-based compensation

Macquarie Group Employee Retained Equity Plan (MEREP)

The entity participates in its ultimate parent company's, Macquarie Group Limited (MGL), share based compensation plans, being the Macquarie Group Employee Retained Equity Plan (the MEREP). In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

13.1 Award types under MEREP

(a) *Deferred Share Units (DSUs)*

A DSU represents a right to receive on exercise of the DSU either an MGL's share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of MGL ordinary shares. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of DSUs impractical. DSUs have been granted with an expiry period of up to nine years.

The following is a summary of awards which have been granted to the employees of the Company pursuant to MEREP:

| | Number of DSU Awards 2024 | Number of DSU Awards 2023 |
|---|------------------------------|------------------------------|
| DSUs on issue at the beginning of the financial year | 1,509 | 1,739 |
| Granted during the financial year | - | - |
| Forfeited during the financial year | - | - |
| Exercised during the financial year | (265) | (230) |
| Net transfers (to)/from related body corporate entities | - | - |
| DSUs on issue at the end of the financial year | 1,244 | 1,509 |
| DSUs exercisable at the end of the financial year | 812 | 758 |

No DSUs were granted during the current as well as the previous financial year.

Participation in the MEREP is currently provided to the following Eligible Employees:

- Staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards)
- Staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards)

Vesting periods are as follows:

| Award type | Level | Vesting |
|------------------------------|--------------------------|---|
| Retained Profit Share Awards | Below Executive Director | 1/3rd in the 2nd, 3rd and 4th year following the year of grant(1) |

⁽¹⁾ Vesting will occur during an eligible staff trading window.

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in jurisdictions outside Australia may have a different vesting period due to local regulatory requirements.

(b) Retained Profit Share Awards

For Retained Profit Share awards representing 2023 retention, the allocation price was the weighted average price of the shares acquired for the 2023 purchase period, which was 15 May 2023 to 21 June 2023. That price was calculated to be \$179.17 (2022 retention: \$168.81).

13.2 Assumptions used to determine fair value of MEREP awards

DSU's are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the respective vesting period.

DSUs have been granted in the current financial year in respect of 2022 performance. The accounting fair value of each of these grants is estimated using the MGL's share price on the date of grant.

While DSUs for FY2023 will be granted during the FY2024, the Company begins recognising an expense for these awards (based on an initial estimate) from 01 April 2022 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2023 and applying the amortisation profile to the retained amount.

In the following financial year, the entity will adjust the accumulated expense recognised for the final determination of fair value for each DSU when granted and will use this valuation for recognising the expense over the remaining vesting period.

The entity annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement.

For the financial year ended 31 March 2024, compensation expense relating to the MEREP totaled \$18,581 (P683,195) [2023: \$31,969 (P1,208,740)].

14 Lease commitments

From 1 October 2019, the commencement date of the lease agreement, the Company recognized a right-of-use asset and a lease liability in relation to such lease agreement. On 5 May 2020, the Company renewed the lease to extend until 31 October 2024. On 19 December 2022, the Company renewed the lease from 01 November 2024 to 31 October 2026.

Lease term is negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The incremental borrowing rate applied to measure the lease liabilities is 5.31% (2023 - 5.31%).

Movements in the lease liability for the years ended 31 March follows:

| | 2024 | 2023 |
|---------------------------------|-------------|-------------|
| At 1 April | 9,855,358 | 6,335,980 |
| Non-cash changes | | |
| Additions | - | 6,073,021 |
| Interest expense | 455,680 | 357,268 |
| Principal and interest payments | (3,056,457) | (2,910,911) |
| At 31 March | 7,254,581 | 9,855,358 |

Maturity analysis of contractual undiscounted cash flows of lease liability at 31 March follows:

| | 2024 | 2023 |
|---|-----------|------------|
| Less than one year | 3,240,597 | 3,056,458 |
| One to five years | 4,363,614 | 7,604,212 |
| Total undiscounted lease liability at 31 March | 7,604,211 | 10,660,670 |
| Imputed interest discount on lease | (349,630) | (805,312) |
| Lease liability included in the statement of financial position at 31 March | 7,254,581 | 9,855,358 |

The Company's lease liability are expected to be settled as follows:

| | 2024 | 2023 |
|-------------|-----------|-----------|
| Current | 3,043,945 | 2,714,198 |
| Non-current | 4,210,636 | 7,141,160 |
| | 7,254,581 | 9,855,358 |

The statement of comprehensive income shows the following amounts relating to the lease for the years ended 31 March:

| | 2024 | 2023 |
|---|-----------|-----------|
| Depreciation expense on right-of-use asset | 2,964,909 | 2,885,782 |
| Interest expense (included in finance cost) | 455,680 | 357,266 |
| | 3,420,589 | 3,243,048 |

The total cash outflows for leases for the year ended 31 March 2024 amounts to P3,056,457 (2023 - P2,910,911) pertains to payment for lease liability and interest expense from lease liability.

15 Income taxes

Composition of income tax expense for the years ended 31 March are as follows:

| | Note | 2024 | 2023 |
|----------|------|-------------|-----------|
| Current | | 4,424,978 | 3,375,245 |
| Deferred | 9 | (8,714,034) | 2,029,215 |
| | | (4,289,056) | 5,404,460 |

Current income tax expense includes final tax on interest income in 2024 amounting to P881,425 (2023 - P666,775).

Realization of the future tax benefits related to the deferred income tax asset is dependent on many factors, including the Company's ability to generate taxable income in the future. As at 31 March 2024, the unrecognized deferred income tax asset includes Minimum Corporate Income Tax (MCIT) P3,543,553.

The reconciliation of income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in the statement of comprehensive income for the years ended 31 March follows:

| | 2024 | 2023 |
|---|--------------|------------|
| (Loss) income before income tax | (31,530,574) | 20,989,989 |
| Income tax at statutory rate of 25% | (7,882,644) | 5,247,497 |
| Effect of items not subject to statutory income tax rate: | | |
| MCIT | 3,543,553 | - |
| Non-deductible expenses | 272,236 | 323,738 |
| Income subject to final tax | (220,356) | (166,692) |
| Income not subject to tax | (1,845) | (83) |
| Actual income tax expense | (4,289,056) | 5,404,460 |

The Company is required to pay the MCIT or the normal income tax, whichever is higher. MCIT is 2% of gross income as defined under the Tax Code. Any excess of MCIT over the normal income tax shall be carried forward annually and applied against the normal income tax for the next succeeding three taxable years applicable.

| Year incurred | Year of expiry | 2024 |
|---------------|----------------|-----------|
| 2024 | 2027 | 3,543,553 |

The Company is entitled to the net operating loss carry-over (NOLCO) benefit which can be applied to its taxable income for five succeeding years from the year the loss was incurred for the 2024 NOLCO and three succeeding years from the year the loss was incurred. The details of unused NOLCO on the related DTA at 31 March are as follows:

| Year incurred | Year of expiry | 2024 |
|-----------------------|----------------|------------|
| 2024 | 2027 | 35,936,261 |
| Recognized DTA at 25% | | 8,984,065 |

16 Related party transactions

In the normal course of business, the Company has transactions with its related parties. Details of related party transactions and balances as at and for the years ended 31 March are as follows:

i. Sale/purchase of services and other reimbursements

| Entities under common control | 2024 | 2023 |
|--|---|---------------|
| Transactions for the year | Income (expense) recognized in profit or loss | |
| <i>Commission income from securities transactions [a]</i> | 221,493,077 | 212,564,914 |
| <i>Service level agreements [b]</i> | (161,297,300) | (125,427,474) |
| <i>Reimbursements - expense paid by related parties on behalf of the Company [c]</i> | (24,515,013) | (19,910,598) |
| <i>Interest income arising from cross border transactions [d]</i> | 1,294,633 | 1,869,556 |
| <i>Interest expense arising from cross border transactions [d]</i> | (13,555,978) | (13,753,832) |

| Entities under common control | 2024 | | |
|---|------------|-------------|---|
| Outstanding balances: | Receivable | Payable | Terms and conditions |
| <i>Trade</i> | | | |
| <i>Securities transactions, including commission income [a]</i> | 21,514,584 | 199,431,488 | <ul style="list-style-type: none"> - Contracted trades to be settled based on T+2 policy. The outstanding balances pertain to amount of receivable from and payable to a related party (Note 4), which includes a portion for commission. - Partially secured (Note 4) - Settled in cash, on a net basis - Non-interest bearing |
| <i>Non-trade</i> | | | |
| <i>Service level agreements [b]</i> | 6,001,924 | 213,198,662 | <ul style="list-style-type: none"> - Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates |
| <i>Reimbursement - expense paid by related parties on behalf of the Company [c] [d]</i> | 26,890,176 | 96,270,264 | <ul style="list-style-type: none"> - Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates |
| | 32,892,100 | 309,468,926 | |
| <i>Allowance for expected credit losses for non-trade receivables</i> | (13,290) | | |
| | 32,878,810 | 309,468,926 | |

| Entities under common control | | | 2023 |
|---|-------------|-------------|---|
| Outstanding balances: | Receivable | Payable | Terms and conditions |
| <i>Trade</i> | | | |
| <i>Securities transactions, including commission income [a]</i> | 178,886,764 | 38,418,301 | <ul style="list-style-type: none"> - Contracted trades to be settled based on T+2 policy. The outstanding balances pertain to amount of receivable from and payable to a related party (Note 4), which includes a portion for commission. - Partially secured (Note 4) - Settled in cash, on a net basis - Non-interest bearing |
| <i>Non-trade</i> | | | |
| <i>Service level agreements [b]</i> | 6,001,924 | 396,746,587 | <ul style="list-style-type: none"> - Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates |
| <i>Reimbursement - expense paid by related parties on behalf of the Company [c] [d]</i> | 16,185,110 | 105,137,768 | <ul style="list-style-type: none"> - Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates |
| | 22,187,034 | 501,884,355 | |
| <i>Allowance for expected credit losses for non-trade receivables</i> | (16,765) | - | |
| | 22,170,269 | 501,884,355 | |

(a) *Securities transactions, including commission income*

The Company has an existing agreement with Macquarie Securities Australia Limited (“MSAL”), an entity under common control, to provide brokerage services for a commission which is based on the rate agreed by both parties for each securities transaction. The commission income is recognized on transaction date and measured to the extent of the amount of income earned based on the agreed rate with MSAL. The commission income, together with the underlying net trade receivable or payable, will be settled using “transaction date plus 2 days (T+2)” policy.

Outstanding balances reflected in the tables above are reported as trade receivables from and trade payables to a related party in Note 4. This agreement remains in force, unless terminated by the parties.

Others pertain to PSE pass on charges and dividend income earned during the year.

(b) Service level agreements

The Company has existing service agreements with various entities under common control. These entities provide services which include central executive, human resources, information technology, risk management, financial operation and taxation services, among others, to the Company. The Company is billed by the counterparties based on the agreed mark-up rate on the cost incurred in providing these services. The service agreement will remain in force unless earlier terminated by both parties. In 2024 and 2023, fees under the service agreements are presented as Management fees in the statements of comprehensive income.

(c) Reimbursement arrangements

The Company has various reimbursement arrangements with entities under common control, whereby the latter advances the payment of certain expenses on behalf of the Company, and vice-versa, incidental to its operations, which are billed at cost. These arrangements will continue to be in effect, unless both parties mutually decided to terminate such arrangement.

Related expenses, which include but not limited to rent, communication and staff procurement expenses, from these reimbursements chargeable to the Company are included within the respective expense line items in the statement of total comprehensive income.

(d) Interest income and expense

Receivables from and payables to related parties involving reimbursements and management fees covered by service level agreements have average term of six (6) months and are subject to interest based on a 30-day LIBOR, thereafter interest rates were replaced with the Alternative Reference Rate, 1D-SOFR. Interest income resulting from these receivables are presented within Interest and Interest expense resulting from these payables are presented within Finance cost in the statement of total comprehensive income.

Receivables and payables relating to cross border interest income and expense are included as part of the respective outstanding balances from reimbursements.

ii. Allowance for expected credit losses

The table below represent the balance of the ECL allowance on non-trade receivables. No facilities were deemed underperforming nor credit impaired to be classified as Stage II and III credit exposures.

| | Stage I 12 month expected credit losses Non-trade receivables |
|--------------------------------------|---|
| Balance as at 31 March 2022 | (19,731) |
| Provision for expected credit losses | 1,560 |
| Foreign exchange movement | 1,406 |
| Balance as at 31 March 2023 | (16,765) |
| Provision for expected credit losses | 3,641 |
| Foreign exchange movement | (166) |
| Balance as at 31 March 2024 | (13,290) |

iii. Key management compensation

| 2024 | | | |
|------------------------------------|----------------------------|----------------------|---------------------------------------|
| | Related party Transactions | Outstanding balances | Terms and conditions |
| <i>Key management compensation</i> | | | |
| Short-term employee benefits | 61,640,439 | 6,890,000 | - Short-term in nature - Unsecured |
| Post employment benefits | 5,191,975 | - | - Non-interest bearing |
| Share-based payments | 678,330 | - | - Settled at gross amount |
| | 67,510,744 | 6,890,000 | |
| 2023 | | | |
| | Related party Transactions | Outstanding balances | Terms and conditions |
| <i>Key management compensation</i> | | | |
| Short-term employee benefits | 64,097,782 | 9,650,000 | - Short-term in nature - Unsecured |
| Post employment benefits | 4,938,462 | - | - Non-interest bearing |
| Share-based payments | 1,154,002 | - | - Settled at gross amount |
| | 70,190,246 | 9,650,000 | |

Key management compensation comprises of salaries, other short-term and retirement benefits which are charged to statements of total comprehensive income as part of Compensation and fringe benefits (Note 11). Short-term employee benefits outstanding at the end of the year include profit share which is subsequently paid in the following year. The outstanding liability is included in Accrued expenses and other liabilities (Note 8) in the statements of financial position.

17 Critical accounting estimates and judgments

The Company makes judgments that affect the reported amounts of assets and liabilities. These judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

It is reasonably possible that the outcomes within the next financial year could differ from judgments made at reporting date and could result in the adjustment to the carrying amount of affected assets or liabilities.

17.1 Critical accounting estimates

(a) Useful lives of property and equipment (Note 7)

The Company's management determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

(b) Retirement benefits (Note 12)

The present value of the retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the discount rate, salary increase rate and attrition rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 12.

(c) Share-based compensation plan (Notes 11 and 13)

MGL grants shares and share options to the employees of the Company as a feature of employee remuneration. For equity-settled plans, PFRS 2 requires recognition of an expense for those shares and share options at the fair value on the grant date. The fair value of the shares and share options granted is measured using the Black-Scholes model with reference to the market price of the shares of ultimate parent company, adjusted to take into account the terms and conditions upon which the shares and share options were granted. The assumptions used to measure the fair value of the shares and share options granted are disclosed in Note 13.

The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding these assumptions on its financial condition and results of operations.

(d) Impairment of receivables (Notes 4 and 16)

The Company has applied the general approach in computing for credit losses under PFRS 9 and determines the recoverable amount of non-trade receivables based on the expected credit losses (ECL) of the portfolio. For trade receivables, settled based on T+2 policy, ECL is anticipated to be minimal, given the nature of those exposures. This is supported by the minimal credit losses experienced on those assets to date. Therefore, ECL was not calculated or was considered minimal for trade receivables. In arriving at the ECL for a particular period, management considers both historical loss experience and certain macroeconomic factors. In these cases, management uses judgments based on the best available facts and circumstances, including but not limited to the length of relationship with related parties and whether there had been payment defaults in the past. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year. The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision for any period could differ based on actual experience.

The Company's trade receivables are composed mainly of receivables from customers and/or clearing house, which are normally settled within two days from trade date. The Company has no history of uncollected receivables. The Company's receivables are considered current as at reporting dates.

The detailed accounting policy for allowance for ECL is disclosed in Note 19. Likewise, information on the credit quality of receivables is presented in Note 18.

(e) Fair value of financial instruments (Note 3)

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation sources techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

The Company's management values the securities using the bid prices that are regularly available from the websites of three reputable club share dealers.

(f) Determination of the incremental borrowing rate (Note 14)

The lease payments for the Company's lease agreements are discounted using the interest rate implicit in the lease, or if not available, the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rate applied to measure the lease liabilities is 5.31% (2023 - 5.31%).

As at 31 March 2024, if the Company's incremental borrowing rate increased/decreased by 1% while holding all other assumptions constant, the Company's lease liabilities would be lower/higher by P157,515 and P259,982 (2023 - P160,868 and P164,565) respectively, and profit before tax for the year ended 31 March 2024 would be higher/lower by P44,321 and P17,126 (2023 - P13,703 and P14,038), respectively.

17.2 Critical accounting judgments

(a) Realization of deferred tax assets (Note 9)

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax losses will be applied.

Management believes that sufficient taxable profit will be generated to allow all of the deferred income tax assets to be fully utilized.

(b) Impairment of non-financial assets (Notes 6 and 7)

The Company's management assesses the carrying amount of property and equipment and trading right at each reporting date to determine whether there is any indication of impairment. The recoverable amount of trading right is determined by reference to its last transacted price. Assets that are subject to depreciation and amortization, mainly property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Reversals of impairment loss are recognized if there has been a change in the estimates used to determine the recoverable amount.

In March 2024, the Company performed an impairment test for its technology assets included in Office and computer equipment. The Company considers existence and reasonableness, among other factors, when reviewing for indicators of impairment. Technology assets that have no recent usage for the past 12 months are considered impaired.

Impairment loss recognized in 2024 amounts to P92,518 and is presented within Miscellaneous in the statement of comprehensive income.

As at 31 March 2024 and 2023, management believes that the office space and trading right are fully recoverable.

(c) Classification of investment securities

The Company follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Company determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The Company determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at fair value through profit or loss.

18 Financial risk and capital management

18.1 Financial risk management

Risk is an integral part of the Macquarie Group's (the "Group") businesses. The main financial risks faced by the Group are market risk (foreign currency exchange), credit risk and liquidity risk. The more significant concentration of the Company's financial assets and liabilities pertains to related party transactions and balances which are not significantly subject to cash flow interest rate risk and fair value interest rate risk given that they are short-term in nature, subject to Secured Overnight Financing Rate (1D-SOFR) and carried at amortized cost. Responsibility for the management of these risks lies with the individual businesses giving rise to them. An important part of the role of all business managers throughout Macquarie is to ensure they manage risk appropriately.

Risk Management Group (RMG) is independent of all other areas of the Group, reporting directly to the Managing Director of the Macquarie Group and the Board of the Group. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board.

The Group's internal approach to risk ensures that risks in entities within the Group are subject to the same rigor and risk acceptance decisions (i.e. not differentiating where the risk is taken within the Group).

For each category of risk below, PFRS 7 requires the following qualitative disclosures:

- a.) The exposures to risk and how they arise;
- b.) The objectives, policies and processes for managing the risk and the methods used to measure the risk; and

Any changes to a) or b) since the previous accounting period.

18.1.1 Market risk

(a) Price risk

The Company is exposed to equity price risk resulting from changes in the fair value of its financial assets at fair value through profit or loss and fair value through other comprehensive income securities. The Board of Directors of the Company manages price risk by setting and monitoring objectives and constraints on investment, diversification plan and limits on investments.

Financial assets at fair value through profit or loss represent investments in a golf club membership share and in listed equity shares.

As at 31 March 2024, if the share price of the financial assets at FVTPL strengthened/weakened by 500% (2023 - 21%), with all other variables held constant, pre-tax income would increase/decrease by P10,000,000 (2023 - P1,666,667).

The assumed price fluctuations in the sensitivity analysis represents the average shift of the closing price per share year-on-year.

(b) Foreign currency exchange risk

The Company's exposure to foreign currency exchange risk arise from monetary assets and liabilities which are denominated in a currency that is not the Company's functional currency. Foreign currency exchange risk is the risk that the value of future cash flow of a financial instrument will fluctuate because of changes in foreign currency exchange rates. To manage its exposure to foreign currency exchange risk, the Company manages the timing of settlement/payment to ensure that the Company is not unfavorably exposed to fluctuations of foreign currency exchange rates.

The Company's significant foreign currency denominated monetary assets and liabilities at 31 March consist of:

| | 2024 | | | | | |
|---|--------------|--------------|-------------|--------------|-------------|--------------|
| | USD | AUD | HKD | SGD | JPY | KRW |
| ASSETS | | | | | | |
| Cash | 3,588,074 | - | - | - | - | - |
| Due from related parties | 55,298 | 2,954 | 80,064 | 11,658 | - | - |
| | 3,643,372 | 2,954 | 80,064 | 11,658 | - | - |
| LIABILITIES | | | | | | |
| Due to related parties | (4,077,934) | (1,356,882) | (787,001) | (247,146) | (1,183,500) | (16,938,440) |
| Net foreign currency denominated assets (liabilities) | (434,562) | (1,353,928) | (706,937) | (235,488) | (1,183,500) | (16,938,440) |
| Exchange rates at 31 March | 56.17 | 36.62 | 7.18 | 41.64 | 0.37 | 0.04 |
| Peso equivalent | (24,409,348) | (49,580,843) | (5,075,808) | (9,805,720) | (437,895) | (677,538) |
| | | | | | | |
| | 2023 | | | | | |
| | USD | AUD | HKD | SGD | JPY | KRW |
| ASSETS | | | | | | |
| Cash | 11,799,295 | - | - | - | - | - |
| Due from related parties | 55,298 | 2,954 | 80,064 | 11,658 | - | - |
| | 11,854,593 | 2,954 | 80,064 | 11,658 | - | - |
| LIABILITIES | | | | | | |
| Due to related parties | (8,154,611) | (1,732,934) | (954,273) | (267,279) | (1,195,311) | (16,938,438) |
| Net foreign currency denominated assets (liabilities) | 3,699,982 | (1,729,980) | (874,209) | (255,621) | (1,195,311) | (16,938,438) |
| Exchange rates at 31 March | 54.35 | 36.32 | 6.92 | 40.84 | 0.41 | 0.04 |
| Peso equivalent | 201,094,022 | (62,832,874) | (6,049,526) | (10,439,561) | (490,078) | (677,538) |

The closing rate used by the Company approximates the exchange rate prevailing at 31 March as published by the Bangko Sentral ng Pilipinas.

Net foreign exchange gain for the years ended 31 March as shown in the statement of comprehensive income are as follows:

| | 2024 | 2023 |
|---------------------------------------|-------------|------------|
| Realized foreign exchange gain (loss) | (9,441,686) | 69,963 |
| Unrealized foreign exchange gain, net | 7,308,850 | 19,479,358 |
| | (2,132,836) | 19,549,321 |

The reasonable change in foreign currency rates against Philippine peso (PHP) would lead to the following pre-tax profit movements:

| | 2024 | | 2023 | | Impact on pre-tax income |
|----------------------------|---|--------------------------|---|--------------------------|--------------------------|
| | Appreciation (depreciation) of foreign currencies against PHP | Impact on pre-tax income | Appreciation (depreciation) of foreign currencies against PHP | Impact on pre-tax income | |
| United States Dollar (USD) | +/- 3.33% | +/- 813,938 | +/- 5.01% | +/- 10,067,391 | |
| Australian Dollar (AUD) | +/- 0.82% | +/- 406,050 | +/- 6.30% | +/- 3,958,361 | |
| Hong Kong Dollar (HKD) | +/- 3.67% | +/- 186,010 | +/- 4.78% | +/- 289,159 | |
| Singapore Dollar (SGD) | +/- 1.95% | +/- 191,115 | +/- 6.89% | +/- 719,547 | |
| Japanese Yen (JPY) | +/- 9.42% | +/- 41,341 | +/- 3.84% | +/- 18,806 | |
| Korean Won (KRW) | +/- 0.03% | +/- 213 | +/- 2.44% | +/- 17,168 | |

The assumed shift in exchange rates of the various foreign currencies used in the sensitivity analysis is based on year-on-year movement of the closing exchange rates.

18.1.2 Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation.

Details of the Company's financial assets that are exposed to credit risk at 31 March are as follows:

| | 2024 | 2023 |
|--------------------|---------------|---------------|
| Cash | 965,066,755 | 1,756,365,152 |
| Receivables | | |
| Trade | 255,072,346 | 298,578,211 |
| Non-trade | 32,878,810 | 22,170,269 |
| Refundable deposit | 806,652 | 800,235 |
| | 1,253,824,563 | 2,077,913,867 |

The amounts shown above are the maximum exposure to credit risk which are equal to the carrying amounts of the financial assets as shown in the statement of financial position. Refundable deposits that are recoverable in the next twelve months are presented in the statement of financial position as Prepayments and other current assets while those that will extend more than twelve months are presented as Refundable deposits.

There are no financial assets that have been renegotiated during and at the end of the reporting period.

(a) Cash

The Company manages credit risk from its cash in banks by depositing funds in financial institutions that qualify based on set criteria. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System.

The credit quality of cash in banks based on credit ratings given by Standard & Poor's of counterparty banks at 31 March follows:

| | 2024 | 2023 |
|------|-------------|---------------|
| A+ | 1,372,605 | 1,062,990 |
| A | 848,078,188 | 1,604,938,220 |
| A- | 7,901,607 | 58,163,533 |
| BBB+ | 1,017,649 | 1,290,220 |
| BBB- | 106,696,706 | 90,910,189 |
| | 965,066,755 | 1,756,365,152 |

In 2024, the Company maintains its cash accounts amounting to P913,967,580 and P51,099,175 in universal and commercial banks (2023 - P1,704,487,277 and P51,877,875), respectively.

(b) Receivables

The credit quality of receivables as at 31 March can be assessed by reference to the below historical information about counterparty default rates:

| | 2024 | 2023 |
|---|-------------|-------------|
| Group 1 - related parties with no history of defaults | 54,393,394 | 201,057,033 |
| Group 2 - third party customers with no history of defaults | 233,557,762 | 119,691,447 |
| | 287,951,156 | 320,748,480 |

Related parties

The Company's exposure to credit risk with related parties arises mainly from securities transactions, loan agreements and other transactions under various service level and reimbursement agreements. Trade receivables arise from contracted trades to be settled on a "transaction date plus 2 days (T+2)" policy. Non-trade receivables arise from service fees rendered to related parties under service level and reimbursement agreements with average credit term of 180 days. Loans and interest receivables pertain to the loan agreement with MFHL. Management does not perceive any significant credit risk exposure on the outstanding balances with related parties. The Group has policies in place which set out the credit terms and exposure limits including proper documentation by way of service level agreements and a system of authorities to monitor related party transactions and balances. Also, the Group monitors the overall compliance with these service level agreements and ensures uniform application of policies with respect to related party transactions and balances.

Third party customers and brokers

The Company's significant credit risk arises mainly from securities transactions with its third party customers and brokers. Trade receivables from third party customers and brokers are settled using T+2 policy. This reflects the possibility that the trading counterparty will not be in a position to settle its obligation once it becomes due. The resulting credit exposure will be a function of the movement of prices over the term of the contract. RMG has policies and system in place for the assessment of potential credit exposures. No credit exposures are assumed without appropriate analysis and approvals. Limits are reviewed at least once a year. All credit exposures are monitored regularly against limits. Moreover, securities owned by customers are held as collateral for amounts due from customers.

(c) Other current financial assets

Other current financial assets consisting of staff loans and refundable deposits are transacted only with counterparties and employees that have appropriate and acceptable credit history.

Non-interest bearing, short-term staff loans are collected through salary deduction.

Refundable deposits arise mainly from the Company's operating lease agreements covering its office space.

Management does not expect any of its counterparty to default in its refund obligations to the Company.

18.1.3 Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and trading securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The table below presents the maturity profile of the Company's financial assets and liabilities based on undiscounted cash flows, which it uses to manage the inherent liquidity risk. The analysis into maturity grouping is after the reporting period until contractual maturity date or, if earlier, the expected date the financial asset will be realized or the financial liability will be settled.

| | 2024 | | 2023 | |
|--|-----------------|--------------------|-----------------|--------------------|
| | Within one year | More than one year | Within one year | More than one year |
| <i>Financial assets</i> | | | | |
| Cash | 965,066,755 | - | 1,756,365,152 | - |
| Receivables | | | | |
| Trade | 255,072,346 | - | 298,578,211 | - |
| Non-trade | 32,878,810 | - | 22,170,269 | - |
| Refundable deposits | - | 806,652 | - | 800,235 |
| | 1,253,017,911 | 806,652 | 2,077,113,632 | 800,235 |
| <i>Financial liabilities</i> | | | | |
| Payables | | | | |
| Trade | 243,760,593 | | 292,228,325 | - |
| Non-trade | 309,468,926 | | 501,884,355 | - |
| Accrued expenses and other liabilities | 17,247,133 | | 14,062,190 | - |
| Lease liability | 3,043,945 | 4,210,636 | 2,714,198 | 7,141,160 |
| | 573,520,597 | 4,210,636 | 810,889,068 | 7,141,160 |

Accrued expenses and other liabilities as at 31 March 2024 exclude withholding taxes, stock transaction tax and output value-added tax amounting to P17,573,813 (2023 - P12,477,929) and provision for profit share and unused leave credits amounting to P12,256,113 (2023 - P16,082,836) which are considered non-financial liabilities (Note 8).

Fair value of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities carried at amortized cost approximate their fair values as at 31 March 2024 and 2023 due to their short term maturities.

The carrying amount of refundable deposit is considered to approximate its fair value as the impact of discounting is not significant.

The fair value measurement of the Company's equity investment in listed equities which are measured at fair value through profit or loss (FVTPL) as at 31 March 2024 amounting to nil (2023 - nil) fall under the Level 1 category of the fair value hierarchy, as they are listed shares in the PSE, while the fair value measurement of the Company's equity investments in golf club shares amounting to P17,833,333 (2023 - P7,833,333). The security is valued at the average of the quoted prices that are regularly available from the websites of three reputable club share dealers.

The Company has no financial assets and liabilities carried at fair value classified under Level 3 category.

There were no transfers between Level 1 and Level 2 category in 2024 and 2023.

18.2 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting as at 31 March:

| 2024 | | | |
|------------------------------|--|---|---|
| | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities | Net amounts of financial assets presented in the statements of financial position |
| Financial assets | | | |
| Trade receivables | | | |
| Customers | 131,508,287 | (17,236,049) | 114,272,238 |
| Related parties | 449,477,808 | (427,963,224) | 21,514,584 |
| Clearing house | 119,285,524 | - | 119,285,524 |
| | 700,271,619 | (445,199,273) | 255,072,346 |
| Financial liabilities | | | |
| Trade payables | | | |
| Customers | - | (44,329,105) | 44,329,105 |
| Related parties | 404,252,228 | (603,683,716) | 199,431,488 |
| | 404,252,228 | (648,012,821) | 243,760,593 |
| 2023 | | | |
| | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities | Net amounts of financial assets presented in the statements of financial position |
| Financial assets | | | |
| Trade receivables | | | |
| Customers | 126,925,001 | (7,233,554) | 119,691,447 |
| Related parties | 474,115,800 | (295,229,036) | 178,886,764 |
| | 601,040,801 | (302,462,590) | 298,578,211 |
| Financial liabilities | | | |
| Trade payables | | | |
| Customers | 51,729,546 | (149,087,075) | 97,357,529 |
| Related parties | 94,697,687 | (133,115,988) | 38,418,301 |
| Clearing house | - | (156,452,495) | 156,452,495 |
| | 146,427,233 | (438,655,558) | 292,228,325 |

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Following the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

18.3 Capital management

The Company's objectives when managing capital are to comply with the capitalization requirements set by the Philippine SEC for the Company to continue as a going concern so that it can provide returns to shareholders and benefits to other stakeholders and to maintain strong capital base to support the development of its business.

(a) Minimum capitalization requirement

Rule 28.1 of the Securities Regulation Code (SRC) provides the terms and conditions for registration and subsequent renewal of license applicable to both Exchange trading participants and non-Exchange brokers/dealers. One of the requirements includes unimpaired paid-up capital of P100 million for brokers/dealers, which are either first time registrants who will be participating in a registered clearing agency upon the effectivity of the rule or those acquiring the business of existing broker/dealer firms. Unimpaired paid-up capital pertains to the Company's share capital as shown in the statement of financial position.

The Company has fully complied with the minimum capitalization requirement by the SEC.

(b) Risk-based Capital Adequacy (RBCA) requirements

RBCA is the ratio linking the net liquid capital to the broker dealer's total risk exposure calculated as the net liquid capital (NLC) divided by total risk capital requirements (TRCR). TRCR is the sum of the following risks: (a) operational risk requirement (ORR); (b) credit risk requirement which include requirements for counterparty risk, settlement risk, large exposure risk and margin financing risk; and (c) position or market risk requirement.

As a rule for every trading participant, the Company is required to maintain an RBCA ratio of at least 110% and a net liquid capital of at least P5 million or five percent (5%) of its aggregate indebtedness (AI), whichever is higher. Moreover, its AI should not exceed two thousand percent (2,000%) of its NLC. In addition, the Company's core equity (CE) shall be at all times greater than its ORR. Core equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core equity shall exclude treasury shares and unbooked valuation reserves and other capital adjustments (such as unrealized gain in value of securities classified as fair value through profit or loss).

In the event that the minimum RBCA ratio of 110% or the minimum NLC is breached, the trading participant shall immediately cease doing business as a broker and shall notify the PSE and SEC. In addition, the trading participant shall notify the SEC in writing within 24 hours if (a) AI exceeds 1700% of NLC; and (b) the RBCA ratio is lower than 120%. In cases wherein CE is less than ORR, the trading participant can continue operations but should submit a capital build-up plan which should be realized within 90 days from time of breach.

Also, in compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for the exclusive benefit of its customers. The Company's reserve requirement is determined based on the SEC's prescribed computations. The company's reserve accounts included in cash in bank as at 31 March 2024 amounts to P60,000,000 (2023 - P64,000,000) (Note 2).

The Company's compliance with the RBCA requirements as at 31 March is summarized as follows:

| | 2024 | 2023 |
|---------------------------|-------------|---------------|
| NLC | 621,570,879 | 1,194,725,450 |
| NLC as a percentage of AI | 102% | 141% |
| RBCA ratio | 719% | 917% |
| AI as a percentage of NLC | 98% | 71% |
| CE | 698,554,950 | 1,260,533,469 |
| ORR | 70,323,855 | 78,984,763 |

The Company is monitoring its capital structure, including level of accumulated earnings to meet the required minimum RBCA ratio. Dividends are declared as soon as capital reaches a reasonable level to meet operating and RBCA requirements.

19 Summary of material accounting information

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

19.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PASs), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) (formerly known as Financial Reporting Standards Council) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 17.

Changes in accounting policy and disclosures

New standard and interpretation to existing standard

The following relevant standard and interpretation to existing standard have been adopted by the Company effective 1 April 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2

The amendment requires the Company to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of this amendment resulted to changes in the accounting policies disclosure in Note 19 series.

- Amendment to PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

New standards, amendments to existing standards and interpretations not yet adopted by the Company

There are no new standards or amendments to existing standards that are effective for annual periods beginning on or after 1 April 2024 that are considered relevant or expected to have a material effect on the Company's financial statements.

19.2 Financial assets

19.2.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the financial assets held within that business model is evaluated and reported to the Company's senior management and senior executives;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Solely payment for principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

19.2.2 Impairment of financial assets

The Company applies the PFRS 9 general approach to measuring expected credit losses which uses a lifetime expected loss allowance for non-trade receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. For trade receivables, ECL is anticipated to be minimal, given the nature of those exposures. This is supported by the minimal credit losses experienced on those assets to date. Therefore, ECL should not be calculated for trade receivables.

Expected credit losses

The Company assesses on a forward-looking basis the ECL associated with its financial assets carried at amortized cost for non-trade receivables and loan and interest receivables. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes macro-economic or forward-looking information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

- Stage I - facilities that are performing (12 month ECL)

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

- Stage II - facilities that are underperforming (Lifetime ECL)

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI.

The Consolidated Entity assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.

Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Consolidated Entity exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

- Stage III - credit impaired (Lifetime ECL)

Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI. Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

Measuring ECL - Inputs, assumptions and estimation techniques

The Company models the ECL for on-balance sheet financial assets measured at amortised cost.

The key model inputs used in measuring the ECL include:

- Exposure at default (EAD): The EAD represents the estimated exposure in the event of a default. The EAD is estimated taking into consideration a range of possible exposures including both repayments and future drawdowns of unutilised commitments up to when the exposure is expected to default.
- Probability of default (PD): The PD represents the likelihood that the borrower will default (as per “Definition of default” below), either over the next 12 months, or over the remaining life of the asset. In calculating the PD, credit performance information for each portfolio is gathered and statistically analysed to determine a point in time PD. PD estimates are also adjusted for FLI.
- Loss given default (LGD): The LGD associated with PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios. These factors include collateral, seniority, industry, recovery costs and the structure of the facility. LGD estimates are also adjusted for FLI.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on 1 April 2018 to the reporting date.

Method of determining significant increase in credit risk (SICR)

The Company periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors. Quantitative factors are based on Macquarie internal credit rating movements across specified thresholds. Qualitative factors include, but are not limited to, whether an exposure has been identified and placed on CreditWatch. Where there is a deteriorating credit risk profile, the exposures are monitored through the CreditWatch reports. The business remains responsible for management of the counterparty and of the risk position, but RMG oversight is increased to ensure that positions are managed for optimal outcomes. All exposures on CreditWatch are classified as stage II or, if defaulted, as stage III.

SICR thresholds, which require judgement, are used to determine whether an exposure’s credit risk has increased significantly. The SICR methodology is based on a relative credit risk approach which considers changes in an underlying exposure’s credit risk since origination. This may result in exposures being classified in stage II that are of a higher credit quality than other exposures that are classified as stage I. Accordingly, while increases in the quantum of stage II exposures will suggest an increase in credit risk, it should not necessarily be inferred that the assets are of a lower credit quality.

In response to COVID-19 the Company undertook a review of its wholesale and retail credit portfolios and the ECL for each. The review considered the macroeconomic outlook, client and customer credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. While these model inputs including forward-looking information were revised, the ECL models, SICR thresholds, and definitions of default remain consistent with prior periods.

Definition of default

The Company’s definition of default determines the reference point for the calculation of the ECL components, and in particular the PD. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Company to the realization of collateral; or the borrower is 90 days or more past due. The Company periodically monitors its exposures for potential indicators of default such as significant financial difficulty of the borrower including breaches of lending covenants; it is probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Forward looking information (FLI)

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR as well as the LGD (that is relevant to the determination of the recovery rates on collateral). The Company has identified a number of key indicators that are used in modelling the ECL, the most significant of which are gross domestic product (GDP), the unemployment rate and the level of house prices, interest rates, equity indices and commodity prices. The predicted relationships between these key indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the development of internal models, and the calibration and validation process.

These indicators, both in terms of the magnitude and type of indicator, are reviewed throughout the financial year. The Macquarie Group's Risk Management Group, which consults with a range of internal specialists, is responsible for the FLI including the development of scenarios and the weighting applied to those scenarios. For this purpose, four possible economic scenarios have been developed, being one upside case, two downside cases (of varying severity given that impairment losses will not react linearly to economic downturn scenarios) as well as a base case scenario. In calculating the ECL, each of the scenarios is probability weighted and then applied to the exposure's PDs and LGDs. The scenarios and the assigned probabilities are updated semi-annually or more frequently if a material disruption event were to occur.

The scenarios, including its underlying indicators, are developed using a combination of publicly available data, internal forecasts and third party information to form the initial baseline. Internal specialists within the Company are consulted to assist in refining and challenging the baseline. The upside and downside scenarios are created through a process that initially anchors them to a certain degree of deviation in GDP growth from the baseline. The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources, which includes forecasts published from a range of market economists and official data sources, including major central banks. Assigning probabilities to these scenarios requires professional judgement which draws on internal risk and economics specialist input and comparison to general market outlooks and publicly-available market commentary.

The scenarios and the associated probabilities are ultimately approved by senior risk and finance executives.

The Company reviews and, where appropriate, updates its FLI, which includes the scenarios and related probabilities, on a semi-annual basis.

19.3 Financial liabilities

Classification

The Company is a counterparty to a non-deliverable foreign exchange contract to reduce and manage its foreign exchange exposure. Such derivative financial instrument is initially recorded at fair value on the date when the derivative contract is entered into and is subsequently remeasured at fair value.

The Company's financial liabilities at amortized cost consist of payables and certain accrued expenses and other current financial liabilities and lease liability.

Payables, accrued expenses and other current financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or from securities transactions with its customers, clearing houses, including related parties and recognized during the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established.

Trade payables arise mainly from securities transactions with its customers, clearing houses and related parties.

Accrued expenses and other liabilities classified as financial liabilities consist of dividends payable, exchange fees and others.

19.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial assets or liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial instruments

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily PSE equity investments classified as trading securities or fair value through other comprehensive income.

The Company's financial assets at fair value through profit or loss which consist of listed equity shares are measured using Level 1.

The Company's financial assets at FVTPL which consist of proprietary club share is measured using Level 2.

The carrying value of the remaining financial assets and liabilities disclosed in Note 19 approximate their carrying value considering that significant financial assets and liabilities generally have short term maturities.

Non-financial assets

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

19.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

19.6 Trading right

Trading right is carried at cost less accumulated impairment loss, if any. Trading right is recognized as an asset when it is probable that the expected future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Subsequent to the initial recognition, the carrying value of trading right is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of trading right is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Trading right is deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The Company does not intend to sell the trading right in the near future.

Trading right is derecognized when no future economic benefits are expected from its use, such as expiration or termination of the contractual right, at which time the cost and any impairment loss is removed in the statement of financial position.

19.7 Property and equipment

Property and equipment are recognized at cost upon initial recognition.

All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation and amortization on assets is computed using the straight-line method to allocate their costs less their residual values over the following estimated useful lives:

| | |
|-------------------------------|--------------|
| Leasehold improvements | 3 years |
| Furniture and fixtures | 5 years |
| Office and computer equipment | 2 to 3 years |
| Transportation equipment | 4 years |
| Office space | 4 to 5 years |

Leasehold improvements and office space are amortized over the term of the lease or the estimated useful lives, whichever is shorter.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

19.8 Impairment of non-financial assets

Non-financial assets, such as input VAT, creditable withholding tax, trading right and property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of previously recorded impairment loss are recognized in profit or loss.

19.10 Provisions and contingencies

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the statement of financial position with corresponding credit to other income in profit or loss.

19.11 Leases

The Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Company also estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. Interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

iv. Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less.

19.16 Employee benefits

Short-term employee benefits

Wages, salaries, compensated absences, bonuses, and other non-monetary benefits are recognized in the period the related services are rendered by the employees of the Company. Short-term employee benefit obligations are measured on an undiscounted basis.

19.16.3 Retirement plan

The Company maintains a defined contribution plan that covers all regular full-time employees. Under the plan, normal retirement age is 60 years with at least five years of credited service and compulsory retirement is at age 65 years. The plan also provides for an early retirement with graduated percentage rates for certain years of service. Normal retirement benefit is the amount equivalent to a lump sum benefit equal to the greater of the minimum benefit under the Labor Code under Republic Act (RA) No. 7641 or the full value of the employee's share in the retirement fund upon retirement.

Under its the defined contribution plan, the Company pays fixed contributions to a trustee-administered fund in accordance with the terms of the defined contribution plan. The fixed contribution is based on the employees' monthly salaries. The Company, however, is covered under RA No. 7641, The Philippine Retirement Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined benefit obligation at the end of the reporting period. The defined obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contributions depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

19.16.4 Share-based payment

The entity participates in its ultimate parent company, MGL's share based compensation plans, being the MEREP. Information relating to these schemes is set out in Note 13 - Share-based compensation. The Company recognises a prepaid asset at grant for these awards, since MGL is reimbursed in advance. This amount is recognized as an expense over the respective vesting periods. MGL recognises a corresponding increase in equity for the equity settled awards granted to employees.

The awards are measured at the grant dates based on their fair value and using the number of equity instruments expected to vest.

19.17 Income recognition

Revenues are measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the Company and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

19.17.1 Fees and commission

The Company recognizes fees and commissions at a point in time upon execution of trade transactions in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the service provided. Fees and commissions do not include variable consideration as there are based on a fixed rate agreed with customers.

The Company recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

19.19 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

For purposes of income tax calculation in 2016, the Company has decided to avail the OSD as provided for under Revenue Regulations No. 16-2008 and No. 2-2010. In 2017, the Company has switched to itemized deduction for the purposes of income tax calculation. The Company continued to adopt the itemized deduction in 2023 and 2022.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, NOLCO and excess MCIT can be utilized. The Company reassesses at the end of each reporting period the need to recognize a previously unrecognized deferred tax asset. Deferred tax liabilities are recognized in full for all taxable temporary differences.

Deferred tax expense or credit is recognized for changes in deferred tax assets and liabilities during the period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred tax assets to be utilized. Where the outcome of these judgments differ based on actual experience, changes in those estimates and judgments could have a significant effect on the carrying value of deferred tax assets and the amount and timing of recorded provision for any period.

20 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following is the supplementary information required by the Revenue Regulation No. 15-2010 presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Output value-added tax (VAT)

Output VAT declared and paid for the year ended 31 March 2024 and the revenues upon which the same was based consist of:

| | Gross amount of revenues | Output VAT |
|-------------------------------------|--------------------------|--------------|
| Sale of services subject to 12% VAT | 299,343,758 | 35,921,251 |
| Cash payment | | (24,270,862) |
| | | 11,650,389 |

The gross amount of revenues are based on gross receipts from sale of services of the Company while the revenues presented in the statement of total comprehensive income for the year ended 31 March 2024 are measured and presented in accordance with the Company's relevant revenue recognition policy.

Excess output VAT over input VAT as at 31 March 2024 amounting to P8,093,218 is included as part of Accrued expenses and other liabilities in the statement of financial position.

(ii) Input VAT

Movements in input VAT for the year ended 31 March follow:

| | Amount |
|---|-----------|
| Beginning balance | 578,888 |
| Current year's domestic purchases/payments for: | |
| Goods other than for resale or manufacture | 24,499 |
| Capital goods subject to amortization | 105,150 |
| Services lodged in other accounts | 7,127,913 |
| | 7,836,450 |
| Input VAT claimed against output VAT | 7,409,925 |
| Ending balance | 426,525 |

Input VAT is included in Prepayments and other current assets.

(iii) Documentary stamp tax

Documentary stamp taxes paid for the year ended 31 March 2024 amounting to P232,413 arising from payment of documents on intercompany settlements with the Company's affiliates are included in Taxes and licenses in the statement of total comprehensive income.

(iv) All other local and national taxes

All other local and national taxes paid for the year ended 31 March 2024 follow:

| | Amount |
|--------------------|---------|
| Business permit | 608,811 |
| Fringe benefit tax | 177,076 |
| Community tax | 10,500 |
| Others | 1,439 |
| | 797,826 |

Fringe benefit tax as presented above includes a portion paid on account of employees amounting to P93,293.

Others is composed of withholding tax expenses.

All other local and national taxes paid on account of the Company are included in Taxes and licenses in the statement of comprehensive income.

(v) Stock transaction taxes

Stock transaction taxes accrued and paid as at and for the year ended 31 March 2024 follow:

| | Amount |
|---------|-------------|
| Paid | 397,938,872 |
| Accrued | 7,022,816 |
| | 404,961,688 |

Stock transaction tax payable is included in Accrued expenses and other liabilities in the statement of financial position.

(vi) Withholding taxes

Withholding taxes accrued and/or withheld and paid as at and for the year ended 31 March 2024 follow:

| | Accrued | Paid | Total |
|---------------------------------|-----------|-------------|-------------|
| Withholding tax on compensation | 1,538,981 | 25,153,244 | 26,692,225 |
| Final withholding tax | 589,879 | 88,691,999 | 89,281,878 |
| Expanded withholding tax | 245,136 | 3,472,405 | 3,717,541 |
| Fringe benefit tax | 83,783 | 135,394 | 219,177 |
| | 2,457,779 | 117,453,042 | 119,910,821 |

The above accrued withholding taxes are presented as withholding taxes under Accrued expenses and other liabilities in the statement of financial position.

(vii) Tax assessments and tax cases

Taxable years 2022, 2023 and 2024 are open tax years. The Company did not receive any Final Assessment Notice for the year ended 31 March 2024.

There are no outstanding tax cases under preliminary investigation, litigation and/or for prosecution in courts or bodies outside of the BIR as at 31 March 2024.

All other information prescribed to be disclosed by the BIR has been included in this note.

Trisha Ong Hian Huy

From: eafs@bir.gov.ph
Sent: Wednesday, 24 July 2024 9:49 am
To: Charles Nipal
Cc: Charles Nipal
Subject: Your BIR AFS eSubmission uploads were received

External Communication

Hi MACQUARIE CAPITAL SECURITIES (PHILIPPINES) INC,

Valid files

- EAFS000316497TCRTY032024-01.pdf
- EAFS000316497AFSTY032024.pdf
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- EAFS000316497RPTTY032024.pdf

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- <None>

Transaction Code: **AFS-0-YMWQVS20CJF59KEAN2R42RP2077E8F6JG**

Submission Date/Time: **Jul 24, 2024 09:48 AM**

Company TIN: **000-316-497**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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