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Date: Wed, May 1, 2024 at 7:26 AM

Subject: Your BIR AFS eSubmission uploads were received

To: <[MERCANTILESECURITIESCORP@gmail.com](mailto:MERCANTILESECURITIESCORP@gmail.com)>

Cc: <[ARMAND.LUNA@msc.com.ph](mailto:ARMAND.LUNA@msc.com.ph)>

Hi MERCANTILE SECURITIES CORPORATION,

**Valid files**

- EAFS000161457ITRTY122023.pdf
- EAFS000161457AFSTY122023.pdf
- EAFS000161457RPTTY122023.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-PWW131W20CCGA9AELPTZSR3WT0NNSWR14Q**

Submission Date/Time: **May 01, 2024 07:26 AM**

Company TIN: **000-161-457**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- 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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Reference No :  
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Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 1	<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.	 1702-RT 01/18ENCS P1		
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) 12/2023	3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No 4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/>		
<b>Part I - Background Information</b>				
6 Taxpayer Identification Number (TIN) 000 - 161 - 457 - 000		7 RDO Code 044		
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) MERCANTILE SECURITIES CORPORATION				
9A Registered Address (Indicate complete registered address) UNIT 1102, THE PSE TOWERE, ONE 5TH AVENUE COR. 28TH STREET FORT BONIFACIO TAGUIG CITY, NCR, FOURTH DISTR				
9B Zipcode 1634				
10 Date of Incorporation/Organization (MM/DD/YYYY)		06/18/1979		
11 Contact Number 8901939	12 Email Address info@msc.com.ph			
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]				
<b>Part II - Total Tax Payable (Do NOT enter Centavos)</b>				
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)		116,242		
15 Less: Total Tax Credits/Payments (From Part IV Item 55)		226,278		
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)		(110,036)		
<b>Add Penalties</b>				
17 Surcharge		0		
18 Interest		0		
19 Compromise				
20 Total Penalties (Sum of Items 17 to 19)		0		
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)		(110,036)		
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> To be carried over as tax credit next year/quarter				
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code as amended and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)				
Signature over printed name of President/Principal Officer/Authorized Representative <b>KEVIN NATHANIEL N. CO</b>		Signature over printed name of Treasurer/Assistant Treasurer <b>ASTRID MELODY C. LIM</b>		
Title of Signatory <b>PRESIDENT</b>	TIN <b>910-348-533</b>	Title of Signatory <b>VP/TREASURER</b>		
		TIN <b>112-091-767</b>		
		22 Number of Attachments 4		
<b>Part III - Details of Payment</b>				
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others (Specify Below)				0
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
<b>Taxpayer Identification Number (TIN)</b> 000 - 161 - 457 - 000			<b>Registered Name</b> MERCANTILE SECURITIES CORPORATION		
<b>Part IV - Computation of Tax</b> <span style="float: right;">(Do NOT enter Centavos)</span>					
27 Sales/Receipts/Revenues/Fees		7,755,166			
28 Less: Sales Returns, Allowances and Discounts		0			
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		7,755,166			
30 Less: Cost of Sales/Services		9,736,435			
31 Gross Income from Operation (Item 29 Less Item 30)		(1,981,269)			
32 Add: Other Taxable Income Not Subjected to Final Tax		9,730,754			
33 Total Taxable Income (Sum of Items 31 and 32)		7,749,485			
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)		5,523,722			
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)		0			
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)		2,225,763			
37 Total Deductions (Sum of Items 34 to 36)		7,749,485			
OR [in case taxable under Sec 27(A) & 28(A)(1)]					
38 Optional Standard Deduction (40% of Item 33)		0			
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		0			
40 Applicable Income Tax Rate		25 %			
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		0			
42 MCIT Due (2% of Item 33)		116,242			
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		116,242			
Less: Tax Credits/Payments (attach proof)					
44 Prior Year's Excess Credits Other Than MCIT		164,580			
45 Income Tax Payment under MCIT from Previous Quarter/s		61,688			
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0			
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0			
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		0			
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0			
50 Foreign Tax Credits, if applicable		0			
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0			
52 Special Tax Credits (To Part V Item 58)		0			
Other Credits/Payments (Specify)					
53		0			
54		0			
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		226,278			
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		(110,036)			
Part V - Tax Relief Availment					
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0			
58 Add: Special Tax Credits (From Part IV Item 52)		0			
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0			

BIR Form No. <b>1702-RT</b> January 2018(ENCs) Page 3	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to <b>REGULAR Income Tax Rate</b>	 1702-RT 01/18ENCs P3
<b>Taxpayer Identification Number (TIN)</b> 000 - 161 - 457 - 000		<b>Registered Name</b> MERCANTILE SECURITIES CORPORATION
<b>Schedule I - Ordinary Allowable Itemized Deductions</b> <i>(Attach additional sheet/s, if necessary)</i>		
1 Amortizations		0
2 Bad Debts		0
3 Charitable Contributions		0
4 Depletion		0
5 Depreciation		1,530,101
6 Entertainment, Amusement and Recreation		0
7 Fringe Benefits		0
8 Interest		0
9 Losses		0
10 Pension Trust		0
11 Rental		0
12 Research and Development		0
13 Salaries, Wages and Allowances		0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions		0
15 Taxes and Licenses		94,360
16 Transportation and Travel		310,679
17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i>		
a Janitorial and Messengerial Services		0
b Professional Fees		338,980
c Security Services		0
d SUBSCRIPTION AND PERIODICALS		1,478,898
e COMMUNICATION		336,169
f UTILITIES		203,793
g REPAIRS AND MAINTENANCE		94,410
h REPRESENTATION AND ENTERTAINMENT		77,552
i OTHERS		1,058,780
<b>18 Total Ordinary Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 17i) (To Part IV Item 34)</i>		5,523,722
<b>Schedule II - Special Allowable Itemized Deductions</b> <i>(Attach additional sheet/s, if necessary)</i>		
Description	Legal Basis	Amount
1		0
2		
3		0
4		0
<b>5 Total Special Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 4) (To Part IV Item 35)</i>		0

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
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<b>Taxpayer Identification Number (TIN)</b> 000 - 181 - 457 - 000	<b>Registered Name</b> MERCANTILE SECURITIES CORPORATION
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**Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)**

1 Gross Income (From Part IV Item 33)	(1,981,269)
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	5,523,722
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(7,504,991)

**Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)** (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2023	7,504,991	0
5 2022	5,704,312	0
6 2021	2,192,323	0
7 2020	1,083,616	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [ E = A Less (B + C + D) ]
4 0	0	7,504,991
5 0		5,704,312
6 0	1,142,147	1,050,176
7 0	1,083,616	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	2,225,763	

**Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)**

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2020		56,248	56,248
2 2021	0	36,365	36,365
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [ G = C Less (D + E + F) ]
1 0	56,248	0	0
2 0	0	0	36,365
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

**Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)**

1 Net Income/(Loss) per books	(21,926,729)
Add: Non-deductible Expenses/Taxable Other Income	
2 PROVISION FOR OR REVERSAL ECL	13,455,011
3 OTHERS	11,441,480
<hr/>	
3.1 REALIZED GAIN ON DISPOSAL OF FA@FVOCI	10,813,070
3.2 RETIREMENT EXPENSE	525,731
3.3 NON DEDUCTIBLE EAR	87,947
3.4 PY UNREALIZED MARKET GAIN OR LOSS ON FA@FVOCI	14,732
4 Total (Sum of Items 1 to 3)	2,969,762
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 EXCESS CONTRIBUTION TO NORMAL COST	93,271
6 OTHERS	650,728
<hr/>	
6.1 NON TAXABLE DIVIDEND INCOME	639,679
6.2 INTEREST INCOME SUBJECT TO FINAL TAX	11,049
<hr/>	
B) Special Deductions	
7 APPLICABLE NOLCO	2,225,763
8	0
<hr/>	
9 Total (Sum of Items 5 to 8)	2,969,762
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	0



Bureau of Internal Revenue  
Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**FILING REFERENCE NO.**

TIN	: 000-161-457-000
Name	: MERCANTILE SECURITIES CORPORATION
RDO	: 044
Form Type	: 1702
Reference No.	: <b>462400059152050</b>
Amount Payable (Over Remittance)	: -110,036.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/13/2024
Tax Type	: IT

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Carnille Guiterrez <info@msc.com.ph>

## BIR Email Notification (eFiling of Tax Return)

1 message

no-reply@bir.gov.ph <no-reply@bir.gov.ph>  
To: info@msc.com.ph

Sat, Apr 13, 2024 at 10:07 AM

Good Day MERCANTILE SECURITIES CORPORATION,

Thank you for filing your Return through eFPS.

This email indicates that the eFiled Return has been submitted to BIR, see below the summary details of your tax filing transaction for your reference. To ensure that the said transaction was successfully submitted, please inquire your eReturn Details through the eFPS Tax Inquiry.

From,

Bureau of Internal Revenue

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

### FILING REFERENCE NO.

TIN	: 000-161-457-000
Name	: MERCANTILE SECURITIES CORPORATION
RDO	: 044
Form Type	: 1702
Reference No.	: <b>462400059152050</b>
Amount Payable / (Over Remittance)	: -110036.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/13/2024
Tax Type	: IT

\*\*\*PLEASE DO NOT REPLY TO THIS E-MAIL\*\*\*





# MERCANTILE SECURITIES CORPORATION

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

**ANNUAL AUDITED FINANCIAL REPORT**

Information Required of Brokers and Dealers  
Pursuant to Rule 52.1-5 of the Securities Regulation Code

**Report for the year beginning January 1, 2023 and ending December 31, 2023**

<b>IDENTIFICATION OF BROKER OR DEALER</b>	
Name of Broker/Dealer:	<b>Mercantile Securities Corporation</b>
Address of Principal Place of Business:	Unit 1102 The PSE Tower, One Bonifacio High Street, 5th Avenue Corner 28th Street, Bonifacio Global City, Fort Bonifacio, Taguig City
Name and Phone Number of Person to Contact in regard to this Report	
Name: Mr. Armando M. Luna	Tel No.: 8823-2751 Fax No.: 8831-3115

<b>IDENTIFICATION OF ACCOUNTANT</b>	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: Warren M. Urriza Roxas Tabamo & Co.	Tel No.: 8844-2016 Fax No.: 8844-2045
Address: 2nd Floor Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City	
Certificate No.:	0106419
BOA/PRC Registration No.:	0005
SEC Accreditation No.:	106419-A (Individual); 0005 (Firm)
PTR No.:	10079596
Date Issued:	January 5, 2024



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

The Management of **Mercantile Securities Corporation**, is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended December 31, 2023 and 2022, 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 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 stockholders.

Roxas Tabamo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company's in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



Kevin Nathaniel N. Co  
Chairman of the Board



Kevin Nathaniel N. Co  
Chief Executive Officer/ President



Astrid Melody C. Lim  
Chief Financial Officer/ Treasurer

Signed this 12<sup>th</sup> day of April 2024.

## INDEPENDENT AUDITOR'S REPORT

The Board of Shareholders and the Board of Directors  
**Mercantile Securities Corporation**  
Unit 1102 The PSE Tower, One Bonifacio High Street  
5th Avenue Corner 28th Street, Bonifacio Global City  
Fort Bonifacio, Taguig City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **Mercantile Securities Corporation** (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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

#### *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.

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, these 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.
- 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.



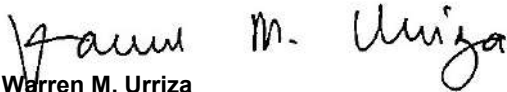
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

**Report on the Supplementary Information Required by the Securities Regulation Code**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules 1-6 is presented for purposes of complying with the Securities Regulation Code 52.1-5 and is not a required part of the basic financial statements. Such information is the responsibility of management. The information 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.

**Report on the Supplementary Information Required by the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information 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.

**ROXAS TABAMO & CO.**

**Warren M. Urriza**  
Partner

CPA Certificate No. 0106419

Tax Identification No. 246-618-368

BIR Accreditation No. 08-001682-017-2024, issued on March 22, 2024,  
effective until March 21, 2027

PTR No. 10079596, issued on January 5, 2024, Makati City

April 12, 2024  
Makati City



**MERCANTILE SECURITIES CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	Notes	2023			2022		
		Book value	Security valuation		Book value	Security valuation	
			Long	Short		Long	Short
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash	5	P50,174,429			P7,903,866		
Financial assets at fair value through profit or loss (FVPL)	6	-	P-		3,851,160	P3,851,160	
Receivables from:							
- Customers, net	7	9,334,767	113,652,083		21,781,831	126,853,554	
- Clearing house, net	8	3,103,227			19,263,504		
Due from related parties	21	2,635,230			2,860,445		
Other current assets	9	2,833,992			2,652,814		
<b>Total Current Assets</b>		<b>68,081,645</b>			<b>58,313,620</b>		
<b>Noncurrent Assets</b>							
Financial assets at fair value through other comprehensive income (FVOCI)	10	1,190,000	1,190,000		11,850,000	11,850,000	
Property and equipment	11	51,866,565			53,198,754		
Computer software	12	772,726			922,261		
Trading right	13	1,540,000			1,540,000		
Deferred tax assets	19	6,213,584			3,256,241		
Other noncurrent assets	22	620,240			473,008		
<b>Total Noncurrent Assets</b>		<b>62,203,115</b>			<b>71,240,264</b>		
		<b>P130,284,760</b>			<b>P129,553,884</b>		
<b>SECURITIES</b>							
In vault and with Philippine Depository and Trust Corporation (including in-transit securities)			<b>P1,295,658,786</b>			<b>P1,298,330,868</b>	
<b>LIABILITIES AND EQUITY</b>							
<b>Current Liabilities</b>							
Payable to:							
- Customers	7	P46,929,762	P1,180,816,703		P32,951,952	P1,155,776,154	
Due to related parties	21	295,464			295,464		
Other current liabilities	14	897,558			1,199,727		
<b>Total Current Liabilities</b>		<b>48,122,784</b>			<b>34,447,143</b>		
<b>Noncurrent Liabilities</b>							
Retirement liability	20	3,664,580			3,304,351		
Deferred tax liabilities	19	283,207			2,813,057		
<b>Total Noncurrent Liabilities</b>		<b>3,947,787</b>			<b>6,117,408</b>		
<b>Total Liabilities</b>		<b>52,070,571</b>			<b>40,564,551</b>		
<b>Equity</b>							
Share capital	15	110,000,000			105,000,000		
Deficit	15	(32,945,195)			(24,694,376)		
Accumulated other comprehensive income, net	10,20	1,159,384			8,683,709		
<b>Total Equity</b>		<b>78,214,189</b>			<b>88,989,333</b>		
		<b>P130,284,760</b>	<b>P1,295,658,786</b>	<b>P1,295,658,786</b>	<b>P129,553,884</b>	<b>P1,298,330,868</b>	<b>P1,298,330,868</b>

See Notes to the Financial Statements.



**MERCANTILE SECURITIES CORPORATION**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<i>Note</i>	<b>2023</b>	<b>2022</b>
Commission revenue		<b>₱7,755,166</b>	₱7,265,605
Cost of services	17	<b>(10,168,895)</b>	(9,281,103)
<b>Gross Income (loss)</b>		<b>(2,413,729)</b>	(2,015,498)
Operating expenses	18	<b>(19,066,680)</b>	(4,669,350)
Interest income		<b>3,560,003</b>	789,326
Other income (expense), net	16	<b>(4,006,323)</b>	(3,835,480)
<b>Loss before income tax</b>		<b>(21,926,729)</b>	(9,731,002)
<b>Benefit from income tax</b>	19	<b>5,566,132</b>	1,996,815
<b>Net loss</b>		<b>(16,360,597)</b>	(7,734,187)
<b>Other comprehensive income (loss)</b>			
<b>Item that may not be reclassified to profit or loss</b>			
Unrealized gain (loss) on financial asset at FVOCI, net of tax	10	<b>531,304</b>	(5,098,169)
Remeasurement gain on retirement obligation, net of tax	20	<b>54,173</b>	(266,659)
		<b>585,477</b>	(5,364,828)
<b>Total comprehensive loss</b>		<b>(₱15,775,120)</b>	(₱13,099,015)

*See Notes to the Financial Statements.*





**MERCANTILE SECURITIES CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Share capital (see Note 15)	Deposit for future stock subscriptions (see Note 15)	Deficit	Accumulated other comprehensive income, net			Total equity
				Net unrealized gain on financial asset at FVOCI (see Note 10)	Cumulative remeasurement gains (see Note 20)	Total	
<b>Balance at January 1, 2023</b>	<b>₱105,000,000</b>	<b>₱-</b>	<b>(₱24,694,376)</b>	<b>₱8,428,125</b>	<b>₱255,584</b>	<b>₱8,683,709</b>	<b>₱88,989,333</b>
Issuance of additional shares	5,000,000	-	-	-	-	-	5,000,000
Net loss for the year	-	-	(16,360,621)	-	-	-	(16,360,597)
Unrealized gain on financial asset at FVOCI, net	-	-	-	531,304	-	531,304	531,304
Transfer of realized gain due to disposal of financial asset at FVOCI	-	-	8,109,802	(8,109,802)	-	(8,109,802)	-
Remeasurement loss on retirement obligation, net	-	-	-	-	54,173	54,173	54,173
<b>Balance at December 31, 2023</b>	<b>₱110,000,000</b>	<b>₱-</b>	<b>(₱32,945,195)</b>	<b>₱849,627</b>	<b>₱309,757</b>	<b>₱1,159,384</b>	<b>₱78,214,213</b>
Balance at January 1, 2022	₱55,000,000	₱45,000,000	(₱21,738,645)	₱18,304,750	₱522,243	₱18,826,993	₱97,088,348
Issuance of additional shares	50,000,000	(45,000,000)	-	-	-	-	5,000,000
Net loss for the year	-	-	(7,734,187)	-	-	-	(7,734,187)
Unrealized gain on financial asset at FVOCI, net	-	-	-	(5,098,169)	-	(5,098,169)	(5,098,169)
Transfer of unrealized gain due to disposal of financial asset at FVOCI	-	-	4,778,456	(4,778,456)	-	(4,778,456)	-
Remeasurement loss on retirement obligation, net	-	-	-	-	(266,659)	(266,659)	(266,659)
<b>Balance at December 31, 2022</b>	<b>₱105,000,000</b>	<b>₱-</b>	<b>(₱24,694,376)</b>	<b>₱8,428,125</b>	<b>₱255,584</b>	<b>₱8,683,709</b>	<b>₱88,989,333</b>

See Notes to the Financial Statements.



**MERCANTILE SECURITIES CORPORATION**

**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(P21,926,729)	(P9,731,002)
Adjustments for:			
Provision for expected credit losses	7	13,455,011	141,720
Interest income	5	(3,560,003)	(789,320)
Depreciation and amortization	11	1,530,101	1,564,068
Dividend income	6	(639,679)	(1,499,126)
Retirement benefits	20	525,731	432,889
Unrealized market loss (gain) on financial assets at FVPL	6	-	14,731
Operating loss before working capital changes		(10,615,568)	(9,866,040)
Decrease (increase) in:			
Financial assets at FVPL		3,851,160	1,095,721
Receivable from:			
- Customers		(1,007,947)	(3,439,141)
- Clearing house		16,160,277	(10,748,697)
- Related parties		225,215	1,122,631
Other current assets		(297,422)	(327,715)
Other noncurrent assets		(147,232)	(146,910)
Increase (decrease) in:			
Payable to:			
- Customers		13,977,810	9,815,083
Other current liabilities		(302,169)	(77,674)
Cash generated from (used for) operations		21,844,124	(12,572,742)
Interest received		3,560,003	789,320
Dividends received		639,679	1,499,126
Retirement benefits payment	20	(93,271)	(145,415)
Net cash flows from (used in) operating activities		25,950,535	(10,429,711)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial asset at FVOCI	10	11,368,405	6,722,441
Acquisition of property and equipment	11	(48,377)	(5,374,046)
Acquisition of software	12	-	(24,496)
Net cash flows provided by investing activities		11,320,028	1,323,899
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Proceeds from issuance of additional shares	15	5,000,000	5,000,000
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>42,270,563</b>	<b>(4,105,812)</b>
<b>CASH AT JANUARY 1</b>	5	<b>7,903,866</b>	<b>12,009,678</b>
<b>CASH AT DECEMBER 31</b>	5	<b>P50,174,429</b>	<b>P7,903,866</b>

See Notes to the Financial Statements.

The significant noncash financing activity pertain to reclassification of deposit future stock subscriptions to share capital amounting to nil in 2023 and 2022.



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## MERCANTILE SECURITIES CORPORATION

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. Reporting Entity

**Mercantile Securities Corporation** (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on June 1, 1979, primarily to engage in the business of effecting for the account of others, as broker, transactions relative to stocks, bonds, debentures and other securities or commercial papers of any person, partnership, association, syndicate, corporation or government body.

The Company's registered address and principal place of business is at Unit 1102 The PSE Tower, One Bonifacio High Street, 5th Avenue corner 28th Street, Bonifacio Global City, Fort Bonifacio, Taguig City.

The accompanying financial statements were approved and authorized for issuance by the Company's Board of Directors (BOD) on April 12, 2024, and that Armando M. Luna, the Company's Vice President for Operations, was authorized to sign and cause the issuance of the financial statements on its behalf.

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#### 2. Basis of Preparation

##### Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

##### Basis of Measurement

The financial statements of the Company have been prepared on the historical cost basis, except financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) which are stated at fair value.

##### Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), which is the functional currency of the Company. All values are rounded off to the nearest peso.

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#### 3. Material Accounting Policies

##### Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative - Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.



- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*. The amendments introduced in response to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD) include:
  - (i) A Company within the scope of Pillar Two legislation shall disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - (ii) An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.

Due to the uncertain nature of the tax reforms, the Company cannot quantify the impact on the amount of deferred tax assets and liabilities not recognized on the balance sheet in the current period. No amounts were recognized in the prior period in relation to the Pillar Two Model Rules, to which these amendments would apply.

These amendments had no impact on the financial statements of the Company.

#### New and Amended PFRS Issued but Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2023 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. Non-current Liabilities with Covenants*. The amendments to PAS 1 together impact the classification of liabilities with covenants and any convertible notes that the Group issues with liability classified conversion features. It may impact the classification of some of the Company's debts and will require additional disclosure about the effect of the covenants of the Company.
- Amendments to PAS 7 and PFRS 7, *Supplier Financing Arrangements*. The amendments will have no impact on the amounts recognized in the financial statements but will require additional disclosures to be provided around the Company's use of supplier financing arrangements.
- Amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*. The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments requirement seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right-of-use it retains solely because of a measurement of the lease liability (e.g. following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period which the entity first applied PFRS 16.



#### Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 – *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*. The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

#### Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

#### Financial Assets and Financial Liabilities

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

*Financial Assets and Liabilities at FVPL.* Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).



This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "SPPI" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

The Company's investments in equity securities measured at fair value through profit or loss are classified under this category (see Note 6).

*Financial Assets at Amortized Cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash on hand and in banks, receivables and others under current assets are included in this category (see Notes 5, 7, 8, 9, 23 and 24).

*Cash.* Cash includes cash on hand and in banks which are stated at face value.

*Financial Assets at FVOCI.* For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.



Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

The Company's investment in Philippine Stock Exchange (PSE) share is included under this category (see Note 10).

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's payable's to customers and other current liabilities (excluding government liabilities) are included under this category (see Notes 7, 14, 21 and 24).

### **Reclassification**

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

### **Impairment of Financial Assets at Amortized Cost and FVOCI**

The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.



For receivable from customer, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

#### Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.





### Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

### Other Current Assets

Other current assets are recognized when the Company expects to receive future economic benefit from it and the amount can be reliably measured.

Other current assets include advances to employees, prepayments, and input value added tax (VAT).

Advances to employees are classified as financial assets at amortized cost.

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Input VAT is the indirect tax paid by the Company on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. Claims for input VAT are stated at face value less provision for impairment, if any. Allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

<u>Property classification</u>	<u>Estimated Useful life</u>
Office furniture and equipment	3 years
Aircraft	20 years
Leasehold improvements	10 years or lease term, whichever is shorter

Leasehold improvements are amortized over the shorter of the improvements' useful life of five years and the term of the lease.

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

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.



Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of comprehensive income in the period of retirement and disposal.

#### Intangible Asset

Intangible asset acquired separately are measured on initial recognition at cost. Subsequently, intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses. Internally-generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the statement of comprehensive income in the year in which the related expenditures are incurred.

Computer software represents software acquired by the Company for the online trading platform of the PSE. It is to be amortized for a period of five years using the straight-line method.

The useful life of intangible asset is assessed to be either finite or indefinite.

Intangible asset with finite life is amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income consistent with the function of the intangible asset.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of comprehensive income when the asset is derecognized.

#### Trading Right

Trading right is the result of the conversion plan of the PSE to preserve the access of stock brokerage to the trading facilities and to continue to transact business in the PSE. The trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company.

Trading right is initially recognized at the amount allocated from the original cost of the exchange membership seat. Subsequently, it is carried at cost less any allowance for impairment. The carrying amount of trading right is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is calculated at the higher of the asset's value in use and its fair value less costs to sell.

#### Impairment of Non-financial Assets

The carrying amounts of property and equipment, computer software and trading right are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.



An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Fair Value Measurements

The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.



#### Deposit for Future Shares Subscription

Deposit for future shares subscription refers to the amount of cash or property received by the Company with the purpose of applying the same as payment for future issuance of shares.

The Company classifies a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for future shares capital) from Share capital if and only if, all of the following elements are present as at the end of the reporting period:

- i. The unissued authorized share capital of the entity is insufficient to cover the amount of shares indicated in the contract;
- ii. There is BOD's approval on the proposed increase in authorized share capital (for which a deposit was received by the Company);
- iii. There is shareholders' approval of said proposed increase; and
- iv. The application for the approval of the proposed increase has been filed with the SEC.

Unless all of the above elements are met, the deposit for future share subscription is classified as a non-current liability in the statement of financial position.

#### Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

#### Deficit

Deficit represents the accumulated losses.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expense, including items previously presented under the statements of changes in equity, that are not recognized in profit or loss for the year. Net other comprehensive income of the Company pertains to gain on financial assets at FVOCI and remeasurement gain (loss) on retirement liability.

#### Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

*Commission Revenue.* Commission revenue is recorded on the trade date based upon the occurrence of securities transactions.

*Gain or Loss on Dealer's Trading Operations.* Gain or loss on dealer's trading operations is computed using the specific identification method and is recognized when Company disposes its financial assets at FVPL and FVOCI.

*Interest.* Interest is recognized as interest accrues usually on a time proportion basis taking into account the effective yield on the asset or effective interest rate.

*Dividend.* Dividend revenue is recognized in profit or loss when the Company's right to receive payment is established.

*Other Revenue.* Revenue is recognized when there is an incidental economic benefit, other than from the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be reliably measured.



### Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

### Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

*Company as a lessee.* The Company recognizes a right-of-use asset and lease liability at the date of initial application for leases previously classified as an operating lease under PAS 17.

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight line method over the shorter of the estimated useful life of the asset or the lease term.

In addition, the right-of-use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments option renewal period if the Company is reasonably to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. It is remeasured when there is a change in future lease payments or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



## Employee Benefits

*Short-term Benefits.* Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

*Retirement Benefits.* The Company has a funded non-contributory defined benefit plan covering all permanent and full-time employees which conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act (RA) No. 7641). Defined benefit plan defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Retirement benefit cost is determined using the projected unit credit method. This method reflects the services rendered by the employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. The components of defined benefit cost include service cost, net interest on the net defined benefit liability that is recognized in profit or loss, and remeasurements of the net defined benefit liability that are recognized in OCI. Remeasurements of the net defined benefit liability recognized in OCI shall not be reclassified to profit or loss in a subsequent period.

The retirement liability recognized in the statement of financial position is the present value of the Company's defined benefit obligation (DBO) at the end of the financial reporting period less the fair value of plan assets. The DBO is calculated by an independent actuary using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligation.

Plan assets are assets that are held by a long-term employee benefit fund. They are neither available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of plan assets is based on market price information.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in OCI in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

## Taxes

*Current Tax.* Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

*Deferred Tax.* Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the statement of comprehensive income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

#### Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

#### Contingencies

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

#### Events After the Reporting Date

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



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#### 4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates and assumptions 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. Revisions are recognized in the period in which the judgments, estimates and assumptions are revised and in any future period affected.

##### Judgments

In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

*Classifying Financial Instruments.* The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The classification of the Company's financial assets and liabilities is set out in Note 24 to the financial statements.

*Determining Fair Value of Financial Instruments.* The Company classifies a financial asset by evaluating, among others, whether it is quoted or not in an active market. Included in the evaluation on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation.

The financial assets carried at fair value, including the methods and assumptions applied are set out in Note 23 to the financial statements.

*Determination Whether an Arrangement Contains a Lease.* The Company assesses whether an arrangement contains a lease based on PFRS 16, as disclosed in Note 3. On adoption of PFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied PFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under PAS 17 and IFRC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under PFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

The details of these lease agreements are disclosed in Note 22.

##### Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

*Estimating Credit Losses on Receivables.* The Company maintains allowance for impairment at a level considered adequate to provide for potential uncollectible receivables.

The Company applied the simplified approach in estimating allowance for impairment on trade and other receivables wherein it recognizes loss allowance equal to 12-month expected credit losses. These credit losses result from default events that are possible within the 12 months after the reporting date. Default events include existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.





As provided in the Securities Regulation Code (SRC) Rule 52.1, every broker dealer shall establish appropriate allowance for doubtful accounts and the basis for such computation of the allowance shall be properly disclosed. The SEC or the PSE shall have the prerogative to determine the reasonableness of such receivable valuation taking into consideration the Generally Accepted Accounting Principles and industry practices.

Allowance for credit losses amounted to ₱13,824,935 and ₱369,924 as at December 31, 2023 and 2022, respectively (see Note 7).

The carrying value of receivable from customers amounted to ₱9,334,767 and ₱21,781,831 as at December 31, 2023 and 2022, respectively (see Note 7).

*Estimated Useful Lives of Property and Equipment and Computer Software.* The Company estimates the useful lives of property and equipment and software based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment and computer software is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment property would increase the recorded costs and expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property and equipment and computer software in 2023 and 2022.

The carrying value of property and equipment amounted to ₱51,866,565 and ₱53,198,754 as at December 31, 2023 and 2022, respectively (see Note 11).

The carrying value of computer software amounted to ₱772,726 and ₱922,261 as at December 31, 2023 and 2022, respectively (see Note 12).

*Impairment of Non-financial Assets.* PFRS requires that an impairment review be performed on property and equipment, computer software and trading right when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

No impairment loss was recognized on property and equipment, computer software and trading right in 2023 and 2022.

The carrying value of property and equipment amounted to ₱51,866,565 and ₱53,198,754 as at December 31, 2023 and 2022, respectively (see Note 11).

The carrying value of computer software amounted to ₱772,725 and ₱922,261 as at December 31, 2023 and 2022, respectively (see Note 12).

The carrying value of trading right amounted to ₱1,540,000 as at December 31, 2023 and 2022 (see Note 13).

*Determining Realizable Amount of Deferred Tax Assets.* Management reviews the carrying amount of deferred tax assets at each financial reporting date and reduces the same to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.



Estimates of future taxable profit indicate that temporary differences will be realized in the future. Deferred tax assets recognized by the Company amounted to ₱6,213,584 and ₱3,256,241 as at December 31, 2023 and 2022, respectively (see Note 19).

*Estimating Present Value of Retirement Benefit Obligation.* The present value of DBO 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 for retirement include, among others, the discount rate and salary increase rate. Any changes in the assumptions will have an impact on the carrying amount of the retirement obligation.

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

Other key assumptions for retirement obligation are based in part on current market conditions. Additional information is disclosed in Note 20.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of retirement benefits and related obligation.

As at December 31, 2023 and 2022, the retirement liability amounted to ₱3,664,580 and ₱3,304,351, respectively (see Note 20).

## 5. Cash

This account consists of:

	2023	2022
Cash on hand	₱5,000	₱5,000
Cash in banks	50,169,429	7,898,866
	<b>₱50,174,429</b>	<b>₱7,903,866</b>

Cash in banks generally earns interest at the daily bank deposit rates ranging 0.02% to 0.10% per annum in 2023 and 2022. Interest earned follows:

	Note	2023	2022
Marginal accounts	7	₱3,549,050	₱778,945
Cash in banks		10,953	10,375
		<b>₱3,560,003</b>	<b>₱789,320</b>

Cash in banks includes a special reserve account with a balance of ₱27,942,949 and ₱1,229,833 as at December 31, 2023 and 2022, respectively, pursuant with the SRC Rule 49.2-1 covering customer protection reserve and custody of securities. This can be withdrawn by the Company anytime.

## 6. Financial Assets at FVPL

The movements in the account are summarized as follows:

	Note	2023	2022
Balance at January 1		₱3,851,160	₱4,961,612
Additions		1,878,251,281	2,592,334,849
Disposals		(1,882,102,441)	(2,593,430,570)
Unrealized market gain (loss)	16	-	(14,731)
Balance at December 31		<b>₱-</b>	<b>₱3,851,160</b>



This account represents the Company's own trading equity securities. All are held for trading and are stated at their fair values determined directly by reference to the prescribed price quotations in an active market. Market values of trading securities are within Level 1 of the fair value hierarchy.

Sale of financial assets at FVPL resulted in a net realized loss of ₱4,725,036 and ₱5,350,493 in 2023 and 2022, respectively (see Note 16).

Dividend income follows:

	Note	2023	2022
Financial assets at FVOCI	10	₱580,000	₱1,298,000
Financial assets at FVPL		59,679	201,126
	16	₱639,679	₱1,499,126

## 7. Receivables from/Payable to Customers

These accounts include amounts due on cash transactions resulting from brokerage services rendered, including value of securities bought or sold on behalf of customers, commissions and other charges thereon. Securities owned by customers are held as collateral for amounts due from them.

The money balances and security values of the customers' accounts as at December 31 follow:

### Receivable from customers

	2023			2022		
	Money Balance	Security valuation		Money balance	Security valuation	
		Long	Short		Long	Short
<i>Fully secured accounts</i>						
More than 250%	₱1,596,422	₱101,503,904	₱-	₱15,745,450	₱115,781,448	₱-
Between 200% to 250%	2,124,915	4,310,845	-	1,984,034	4,598,006	-
Between 150% to 200%	191,543	292,500	-	-	-	-
Between 100% to 150%	2,106,490	3,119,050	-	4,422,271	6,474,100	-
Below 100%	17,140,332	4,425,784	-	-	-	-
	23,159,702	113,652,083	-	22,151,755	126,853,554	-
Allowance for credit losses	(13,824,935)	-	-	(369,924)	-	-
	₱9,334,767	₱113,652,083	₱-	₱21,781,831	₱126,853,554	₱-

Receivable from customers as at December 31, 2023 and 2022 is generally settled two to three days after the transaction date. The receivable from customers as at December 31, 2023 and 2022 is current and collectible.

Due from related parties amounted to ₱2,635,230 and ₱2,860,445 as at December 31, 2023 and 2022, respectively (see Note 21).

Receivable from related parties on trading transactions amounted to nil and ₱6,778,827 with security valuation of nil and ₱67,360,375 as at December 31, 2023 and 2022, respectively.

These customers' accounts are secured by shares of stock held in custody by the Philippine Depository & Trust Corporation and by the Company. The Company does not hold any collateral which it is permitted to sell or re-pledge in the absence of default by the customer.

Interest earned on marginal accounts amounted to ₱3,549,050 and ₱778,945 in 2023 and 2022, respectively (see Note 5). Interest rates in 2023 and 2022 were 10% to 18% and 10% to 12%, respectively. Marginal accounts pertain to credit extended by the Company to customers for trading purposes.



Movements in allowance for credit losses follow:

	Note	2023	2022
Balance at January 1		<b>₱369,924</b>	₱228,204
Provision for the year	18	<b>13,455,011</b>	141,720
Balance at December 31		<b>₱13,824,935</b>	₱369,924

Payable to customers

	2023			2022		
	Money Balance	Security valuation		Money balance	Security valuation	
		Long	Short		Long	Short
<i>Free balances</i>						
With money balance	<b>₱46,929,762</b>	<b>₱717,460,545</b>	<b>₱-</b>	₱32,951,952	₱781,223,416	₱-
No money balance	-	<b>463,356,158</b>	-	-	374,552,738	-
	<b>₱46,929,762</b>	<b>₱1,180,816,703</b>	<b>₱-</b>	₱32,951,952	₱1,155,776,154	₱-

Payable to related parties on trading transactions amounted to nil and ₱1,070,787 with security valuation of nil and ₱69,993,278 as at December 31, 2023 and 2022, respectively.

Likewise, payable to customers is generally settled within two to three days from the transaction date.

#### 8. Receivable from Clearing House, Net

The account represents net receivable from Securities Clearing Corporation of the Philippines (SCCP) corresponding to unsettled amount of trade transactions for the last three (3) trading days of the year. Net receivable from clearing house amounted to ₱3,103,227 and ₱19,263,504 as at December 31, 2023 and 2022, respectively.

SCCP is an entity organized primarily as a clearing and settlement agency for depository eligible trades executed in the PSE.

#### 9. Other Current Assets

This account consists of:

	2023	2022
Advances to employees	<b>₱2,328,162</b>	₱2,067,100
Prepaid taxes	<b>216,880</b>	274,330
Input VAT	<b>110,898</b>	119,627
Other prepayments	<b>79,269</b>	92,974
Prepaid insurance	<b>40,393</b>	40,393
Others	<b>58,390</b>	58,390
	<b>₱2,833,992</b>	₱2,652,814

Advances to employees are cash advances given to employees which are subject to liquidation and salary deduction.



## 10. Financial Assets at FVOCI

Details of the account follow:

	2023	2022
Acquisition cost		
Beginning balance	P612,500	P963,667
Disposals	(555,334)	(351,167)
Ending balance	57,166	612,500
Less: Market value	1,190,000	11,850,000
<b>Unrealized gain on financial asset at FVOCI</b>	<b>P1,132,834</b>	<b>P11,237,500</b>

The movements in the accumulated unrealized gain (loss) on financial assets at FVOCI, net of tax follow:

	2021	Credited (charged) to equity during the year	Realized through disposal	2022	Credited (charged) to equity during the year	Realized through disposal	2023
Unrealized gain on fair value changes	P24,406,333	(P6,797,559)	(P6,371,275)	P11,237,499	P708,405	(P10,813,070)	P1,132,834
Deferred tax liability	(6,101,583)	1,699,390	1,592,819	(2,809,374)	(177,102)	2,703,269	(283,207)
<b>Net</b>	<b>P18,304,750</b>	<b>(P5,098,169)</b>	<b>(P4,778,456)</b>	<b>P8,428,125</b>	<b>P531,303</b>	<b>(P8,109,801)</b>	<b>P849,627</b>

The Company owns 7,000 and 75,000 PSE shares as at December 31, 2023 and 2022, respectively. The fair value of the PSE shares as at December 31, 2023 and 2022 is quoted at P170 per share and P158 per share, respectively, as provided by the PSE, and is therefore within Level 1 of the fair value hierarchy.

Dividends received on the investment amounted to P580,000 and P1,298,000 in 2023 and 2022, respectively (see Note 6).

Proceeds from disposal of financial assets at FVOCI amounted to P11,368,405 and P6,722,441 in 2023 and 2022, respectively.

## 11. Property and Equipment, Net

This account consists of the following as at December 31, 2023 and 2022:

	Office furniture and equipment	Leasehold improvements	Aircraft	Total
<b>Cost</b>				
At December 31, 2021	P2,179,125	P2,990,051	P45,210,000	P50,379,176
Additions	25,308	348,738	5,000,000	5,374,046
At December 31, 2022	2,204,433	3,338,789	50,210,000	55,753,222
Additions	48,377	-	-	48,377
<b>At December 31, 2023</b>	<b>2,252,810</b>	<b>3,338,789</b>	<b>50,210,000</b>	<b>55,801,599</b>
<b>Accumulated depreciation and amortization</b>				
At December 31, 2021	607,897	595,740	-	1,203,637
Depreciation	729,572	621,259	-	1,350,831
At December 31, 2022	1,337,469	1,216,999	-	2,554,468
Depreciation	712,808	667,758	-	1,380,566
<b>At December 31, 2023</b>	<b>2,050,277</b>	<b>1,884,757</b>	<b>-</b>	<b>3,935,034</b>
<b>Net book value</b>				
<b>At December 31, 2023</b>	<b>P202,533</b>	<b>P1,454,032</b>	<b>P50,210,000</b>	<b>P51,866,565</b>
At December 31, 2022	P866,964	P2,121,790	P50,210,000	P53,198,754



As at December 31, 2023, the aircraft is being prepared for use as there are improvements and tests that still have to be made on the aircraft.

Depreciation and amortization expense is composed of the following:

	<i>Note</i>	<b>2023</b>	2022
Property and equipment		<b>₱1,380,566</b>	₱1,350,831
Computer software	12	<b>149,535</b>	213,237
	18	<b>₱1,530,101</b>	₱1,564,068

## 12. Computer Software

The movements in the account follow:

	<i>Note</i>	
<b>Cost</b>		
At December 31, 2021		₱1,604,785
Additions		24,496
At December 31, 2022		1,629,281
Additions		-
<b>At December 31, 2023</b>		<b>1,629,281</b>
<b>Accumulated Amortization</b>		
At December 31, 2021		493,783
Amortization	11	213,237
At December 31, 2022		707,020
Amortization	11	149,535
<b>At December 31, 2023</b>		<b>856,555</b>
<b>Net Book Value</b>		
<b>At December 31, 2023</b>		<b>₱772,726</b>
At December 31, 2022		₱922,261

Computer software pertains to accounting and trading system used by the Company on its operations.

## 13. Trading Right

The trading right amounted to ₱1,540,000 as at December 31, 2023 and 2022. The Company pledges its trading right to the extent of its full value to secure the payment of all debts and claims due to the customers, the government, the PSE and other trading participants, and to the SCCP.

The Company has no intention of selling its trading right in the future as it intends to continue to operate as a stockbrokerage entity. As at December 31, 2023 and 2022, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱8,500,000 and is therefore within Level 1 of the fair value hierarchy.



#### 14. Other Current Liabilities

This account consists of:

	2023	2022
VAT payable	<b>₱481,265</b>	₱233,850
Accrued expenses	<b>219,649</b>	590,417
Withholding and other taxes payable	<b>44,544</b>	260,402
Other statutory liabilities	<b>25,683</b>	-
Others	<b>126,417</b>	115,058
	<b>₱897,558</b>	₱1,199,727

Accrued expenses mainly include accruals for management fees, professional fees, SCCP and PSE fees, utilities, communication and other various expenses which are payable the following month.

#### 15. Equity

##### Share Capital

As at December 31, 2023 and 2022, issued and paid-up capital follows:

	2023		2022	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Common shares at ₱100 par value per share				
Balance at January 1	1,100,000	₱110,000,000	550,000	₱55,000,000
Increase during the year	-	-	550,000	55,000,000
<b>Balance at December 31</b>	<b>1,100,000</b>	<b>₱110,000,000</b>	1,100,000	₱110,000,000
<b>Issued and outstanding</b>				
Balance at January 1	1,050,000	₱105,000,000	550,000	₱55,000,000
Issued during the year	50,000	5,000,000	500,000	50,000,000
<b>Balance at December 31</b>	<b>1,100,000</b>	<b>₱110,000,000</b>	1,050,000	₱105,000,000

##### Deposit for future stock subscription

On January 2, 2022, the SEC approved the increase in authorized capital of the Company from ₱55,000,000, divided into 550,000 Common shares with par value of ₱100, to ₱110,000,000, divided into 1,100,000 Common shares with a per value of ₱100 per share, to fund the capital investment required for the expansion of Company's operation. Accordingly, the deposit for future stock subscription amounted to ₱45,000,000 was reclassified as share capital in 2022.

##### Retained Earnings

The Company is required a minimum appropriation of 20% retained earnings as the Company's paid-up capital is between ₱30.0 million and ₱50.0 million as at December 31, 2018 pursuant with Rule 49.1 (B) of the SEC Memorandum Circular No. 16, series of 2004.

As at December 31, 2023 and 2022, the Company has no appropriation as the Company is in deficit position.



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**16. Other Income (Expense), net**

Details of the account follow:

	<i>Note</i>	<b>2023</b>	<b>2022</b>
Dividend revenue	6	<b>₱639,679</b>	₱1,499,126
Realized loss on sale of financial assets at FVPL	6	<b>(4,725,036)</b>	(5,350,493)
Unrealized fair value gain (loss) on financial assets at FVPL	6	-	14,731
Others		<b>79,034</b>	1,156
		<b>(₱4,006,323)</b>	(₱3,835,480)

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**17. Cost of Services**

The details of the account are as follows:

	<b>2023</b>	<b>2022</b>
Salaries and wages	<b>₱6,252,007</b>	₱6,043,113
Commissions	<b>2,818,057</b>	2,490,025
Stock exchange dues and fees	<b>1,098,831</b>	747,965
	<b>₱10,168,895</b>	₱9,281,103

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**18. Operating Expenses**

The details of the account are as follows:

	<i>Note</i>	<b>2023</b>	<b>2022</b>
Provision for expected credit losses	7	<b>₱13,455,011</b>	₱141,720
Depreciation and amortization	11	<b>1,530,102</b>	1,564,068
Subscriptions and periodicals		<b>1,478,898</b>	288,196
Professional fees		<b>338,980</b>	156,788
Postage, telephone and communication		<b>336,169</b>	352,000
Condominium dues and fees		<b>278,899</b>	278,899
Gas and oil		<b>232,219</b>	263,745
Utilities		<b>203,792</b>	159,290
Entertainment, amusement and recreation		<b>165,499</b>	174,431
Office supplies		<b>115,321</b>	104,871
Repairs and maintenance		<b>94,410</b>	97,386
Taxes and licenses		<b>94,360</b>	98,466
Transportation and travel		<b>78,460</b>	104,886
Insurance		<b>40,947</b>	50,222
Bank charges		<b>2,654</b>	37,700
Others		<b>620,959</b>	796,682
		<b>₱19,066,680</b>	₱4,669,350

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**19. Income Taxes****Corporate Recovery and Tax Incentives for Enterprises or "CREATE" Act**

On March 26, 2021, the President signed into law Republic Act No. 11534 or the CREATE Act. The law, which became effective on April 11, 2021, introduces reforms to corporate income taxes and incentive systems in the country by implementing certain changes to the current tax regulations.

The CREATE Act resulted to the reduction of the Company's tax rate from 30% to 25% effective July 1, 2020.





The Company's provision for (benefit from) income tax consists of:

	2023	2022
Current	<b>₱116,244</b>	₱-
Deferred	<b>(5,682,352)</b>	(1,996,815)
	<b>(₱5,566,108)</b>	(₱1,996,815)

A reconciliation of the benefit from income tax at the statutory income tax rate to the benefit from income tax in profit or loss follows:

	2023	2022
Loss before income tax	<b>(₱21,926,729)</b>	(₱9,731,002)
Statutory income tax benefit at income tax rate of 25% in 2023 and 2022, respectively	<b>(5,481,683)</b>	(2,432,750)
Deduct (add) tax effect of:		
Dividend income exempt from tax	<b>(159,921)</b>	(374,781)
Expired NOLCO	<b>56,248</b>	787,866
Non-deductible expenses	<b>21,986</b>	25,444
Interest income subject to final tax	<b>(2,738)</b>	(2,594)
Benefit from income tax	<b>(₱5,566,108)</b>	(₱1,996,815)

Details of and movements in net deferred tax liabilities follow:

	2021	Charged to OCI during the year	Charged to profit or loss during the year	2022	Charged to OCI during the year	Charged to profit or loss during the year	2023
<b>Deferred tax assets</b>							
NOLCO	₱1,560,935	₱-	₱684,126	₱2,245,061	₱-	(556,463)	1,688,598
MCIT	138,527	-	(45,914)	92,613	-	59,996	152,609
Allowance for credit losses	57,051	-	35,430	92,481	-	3,363,753	3,456,234
Unrealized loss on financial assets at FVPL	337,831	-	(337,831)	-	-	-	-
Retirement liability	665,332	88,886	71,868	826,086	(18,058)	108,115	916,143
	2,759,676	88,886	407,679	3,256,241	(18,058)	2,975,401	6,213,584
<b>Deferred tax liability</b>							
Unrealized gain on financial assets at FVOCI	(6,101,583)	1,699,390	1,592,819	(2,809,374)	(177,101)	2,703,268	(283,207)
Unrealized loss on financial assets at FVPL	-	-	(3,683)	(3,683)	-	3,683	-
	(6,101,583)	1,699,390	1,589,136	(2,813,057)	(177,101)	2,706,951	(283,207)
<b>Net</b>	<b>(₱3,341,907)</b>	<b>₱1,788,276</b>	<b>₱1,996,815</b>	<b>₱443,184</b>	<b>(₱195,159)</b>	<b>₱5,682,352</b>	<b>₱5,930,377</b>

The details of the Company's NOLCO follow:

Year incurred	Amount	Applied	Balance	Expiry
2022	₱5,704,312	₱-	₱5,704,312	2025
2021	2,192,323	(1,142,147)	1,050,176	2026
2020	1,083,616	(1,083,616)	-	2025
	<b>₱8,980,251</b>	<b>(₱2,225,763)</b>	<b>₱6,754,488</b>	



The details of the Company's excess MCIT over regular corporate income tax (RCIT) follow:

Year incurred	Amount	Expiry	Balance	Expiry
2023	₱116,244	₱-	₱116,244	2025
2021	36,365	-	36,365	2024
2020	56,248	(56,248)	-	2023
	<b>₱208,857</b>	<b>(₱56,248)</b>	<b>₱152,609</b>	

## 20. Retirement Plan

The Company provides for estimated retirement benefits to qualified employees under a defined benefit plan. The Company's retirement plan is of a defined benefit type which provides a retirement benefit ranging from fifty percent (50%) to one hundred percent (100%) of monthly salary for every year of credited service. The benefit is paid in lump sum upon retirement or separation in accordance with the terms of the plan.

The plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

*Interest rate risk.* A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

*Longevity risk.* The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

*Salary risk.* The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at December 31, 2022, by an independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following data summarize the results of the latest actuarial valuation:

Defined benefit cost recognized as part of salaries and wages follows:

	2023	2022
Current service cost	<b>₱287,818</b>	₱300,621
Net interest on DBO	<b>237,913</b>	132,268
	<b>₱525,731</b>	<b>₱432,889</b>

Details of cumulative remeasurement gains (losses) follows:

	Gross amount	Deferred tax liability	Net
Balance at December 31, 2021	₱696,325	(₱174,082)	₱522,243
Remeasurement loss	(355,545)	88,886	(266,659)
Balance at December 31, 2022	340,780	(85,196)	255,584
Remeasurement loss	<b>72,231</b>	<b>(18,058)</b>	<b>54,173</b>
<b>Balance at December 31, 2023</b>	<b>₱413,011</b>	<b>(₱103,254)</b>	<b>₱309,757</b>



Changes in the present value of the DBO follow:

	2023	2022
Present value of DBO at January 1	P3,304,351	P2,661,332
Current service cost	287,818	300,621
Interest cost	237,913	132,268
Actuarial gains (losses)	(72,231)	355,545
Payment	(93,271)	(145,415)
<b>Present value of DBO at December 31</b>	<b>P3,664,580</b>	<b>P3,304,351</b>

Retirement liability recognized in the statements of financial position as at December 31 follows:

	2023	2022
Present value of DBO at December 31	P3,664,580	P3,304,351
Fair value of plan assets at December 31	-	-
<b>Retirement liability</b>	<b>P3,664,580</b>	<b>P3,304,351</b>

Since the retirement plan is still unfunded, there are no plan assets to match against the plan liabilities. Benefit claims under the plan will be paid directly by the Company when they become due.

The movements in the retirement liability recognized in the statements of financial position follow:

	2023	2022
Balance at January 1	P3,304,351	P2,661,332
Retirement benefit cost recognized in profit or loss	525,731	432,889
Remeasurement loss (gain)	(72,231)	355,545
Payment	(93,271)	(145,415)
<b>Balance at December 31</b>	<b>P3,664,580</b>	<b>P3,304,351</b>

The key actuarial assumptions used as at the financial reporting dates follow:

	2023	2022
Discount rate	6.09%	7.20%
Salary increase rate	5.00%	5.00%

The sensitivity of the DBO to changes in the principal actuarial assumptions follows:

	Amount	Percentage
Discount rate	(P137,371)	(3.7%)
	162,680	4.4%
Salary increase rate	162,832	4.4%
	(139,912)	(3.8%)
No attrition rates	72,167	2.0%

The foregoing sensitivity analyses have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.



The maturity analysis on 10-year projection of expected future benefit payments follow:

Financial year	2023	2022
Year 1	<b>₱2,795,267</b>	₱2,492,648
Year 2	-	323,335
Year 3	<b>666,397</b>	-
Year 4	<b>8,510</b>	688,080
Year 5	<b>9,472</b>	7,822
Year 6-10	<b>110,777</b>	79,505

## 21. Related Party Disclosures

The following are the transactions with related parties and the outstanding balances as at December 31:

Related Party	Nature of Transactions	Year	Transactions during the Year	Due from related parties	Receivable from customers (see Note 7)	Payable to customers (see Note 7)	Due to related parties
<b>Shareholders</b>	Advances	2023	₱-	₱-	₱-	₱-	<b>₱27,050</b>
		2022	₱-	₱-	₱-	₱-	₱27,050
	Commission Revenue	2023	<b>225,215</b>	<b>2,635,230</b>	<b>9,334,767</b>	<b>46,929,762</b>	-
		2022	1,122,631	2,860,445	21,781,831	32,951,952	-
<b>Entities under Common Control</b>	Advances	2023	-	-	-	-	<b>268,414</b>
		2022	-	-	-	-	268,414
		<b>2023</b>	<b>₱225,215</b>	<b>₱2,635,230</b>	<b>₱9,334,767</b>	<b>₱46,929,762</b>	<b>₱295,464</b>
		2022	₱1,122,631	₱2,860,445	₱21,781,831	₱32,951,952	₱295,464

Transactions between related parties, which are on demand and non-interest bearing, are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

The Company has neither given nor received any guarantees in 2023 and 2022 for the related party receivables and payables.

Details of compensation of key management are as follows:

	2023	2022
Short-term	<b>₱1,472,289</b>	₱1,541,346

## 22. Commitments

### Operating Lease (Company as lessee)

In 2020, the Company entered into an operating lease agreement with Nextrade Philippines, Inc., for the lease of its new office premises. The lease agreement will commence on 2021 until 2026.

The Company was not required to provide security deposit in its existing lease agreement.

The Company's rent expense amounted to nil in 2023 and 2022.

### Contribution to Clearing and Trade Guaranty

On July 25, 2018, the Securities Clearing Corporation of the Philippines issued Memo for Brokers No. 01-0718 stating that the contributions to the clearing fund shall be refunded as trade-related assets to a Clearing Member for contributions made starting August 1, 2018. Total contributions made by the Company amounted to ₱620,240 and ₱473,008 as at December 31, 2023 and 2022, respectively.



## 23. Financial Risk and Capital Management Objectives and Policies

### Objectives and Policies

The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market risk

Similar to all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantial changes to the Company's exposure to the financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

The BOD has overall responsibility for the Company's financial risk management, which includes establishment and approval of risk strategies, policies and limits. The main objective of the financial risk management is to minimize the adverse impact of financial risks on the Company's financial performance and financial position due to the unpredictability of financial markets.

### Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

### Financial assets

	Note	2023				Total
		Carrying value	< 1 year	1 to 5 years	> 5 years	
Financial assets at FVPL	6	P-	P-	P-	P-	P-
Financial assets at amortized cost						
Cash	5	50,174,429	50,174,429	-	-	50,174,429
Receivables from:						
- Customers, net	7	9,334,767	9,334,767	-	-	9,334,767
- Clearing house, net	8	3,103,227	3,103,227	-	-	3,103,227
Due from related parties	21	2,635,230	2,635,230	-	-	2,635,230
Security deposit	22	620,241	620,241	-	-	620,241
Other Current assets	9	58,390	58,390	-	-	58,390
Financial assets at FVOCI	10	1,190,000	1,190,000	-	-	1,190,000
		<b>P67,116,284</b>	<b>P67,116,284</b>	<b>P-</b>	<b>P-</b>	<b>P67,116,284</b>



Financial liabilities

	Note	2023				Total
		Carrying value	< 1 year	1 to 5 years	> 5 years	
Payable to:						
- Customers	7	₱46,929,762	₱46,929,762	₱-	₱-	₱46,929,762
Due to related parties	21	295,464	295,464	-	-	295,464
Other current liabilities*	14	346,065	346,065	-	-	346,065
		<b>₱47,571,291</b>	<b>₱47,571,291</b>	<b>₱-</b>	<b>₱-</b>	<b>₱47,571,291</b>

\*excluding government liabilities

Financial assets

	Note	2022				Total
		Carrying value	< 1 year	1 to 5 years	> 5 years	
Financial assets at FVPL	6	₱3,851,160	₱3,851,160	₱-	₱-	₱3,851,160
Financial assets at amortized cost						
Cash	5	7,903,866	7,903,866	-	-	7,903,866
Receivables from:						
- Customers, net	7	21,781,831	21,781,831	-	-	21,781,831
- Clearing house, net	8	19,263,504	19,263,504	-	-	19,263,504
Due from related parties	21	2,860,445	2,860,445	-	-	2,860,445
Security deposit	22	473,008	473,008	-	-	473,008
Other current assets	9	58,390	58,390	-	-	58,390
Financial assets at FVOCI	10	11,850,000	11,850,000	-	-	11,850,000
		<b>₱68,042,204</b>	<b>₱68,042,204</b>	<b>₱-</b>	<b>₱-</b>	<b>₱68,042,204</b>

Financial liabilities

	Note	2022				Total
		Carrying value	< 1 year	1 to 5 years	> 5 years	
Payable to:						
- Customers	7	₱32,951,952	₱32,951,952	₱-	₱-	₱32,951,952
Due to related parties	21	295,464	295,464	-	-	295,464
Other current liabilities*	14	705,475	705,475	-	-	705,475
		<b>₱33,952,891</b>	<b>₱33,952,891</b>	<b>₱-</b>	<b>₱-</b>	<b>₱33,952,891</b>

\*excluding government liabilities

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligation. This includes risk of non-payment by clients of their securities transactions, by employees of their advances, and by related parties of their outstanding balances.

In the normal course of business, the Company's activities include trade execution for its clients. These activities may expose the Company to risk arising from price volatility which can reduce the client's ability to meet its obligation. To the extent client is unable to meet its commitments to the Company, the latter may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligation.



In accordance with the industry practice, client trades are settled generally three (3) business days after trade date. Should either the client or the counterparty fail to perform, the Company may be required to complete the transaction at prevailing market prices. Individual clients maintain their securities position with the Company in its scripless form and is usually sufficient to cover debit balances. The Company monitors concentration of credit risks and limits the risk through consideration of factors which include the creditworthiness of the client, its financial strength, and the size of its positions or commitments.

The following table provides information regarding the maximum credit risk exposure of the Company without taking into account the value of any collateral as at December 31:

	Note	2023	2022
Financial asset at amortized cost			
Cash in banks	5	<b>₱50,174,429</b>	₱7,898,866
Receivable from:			
- Customers, net	7	<b>9,334,767</b>	21,781,831
- Clearing house	8	<b>3,103,227</b>	19,263,504
Due from related parties	21	<b>2,635,230</b>	2,860,445
Refundable deposits	22	<b>620,241</b>	473,008
Other current assets	9	<b>58,390</b>	58,390
		<b>₱65,926,284</b>	₱52,336,044

The aging analyses of financial assets as at December 31 follow:

	2023				
	Total	Neither past due nor Impaired	Past due but not impaired		Impaired
			T+3 to T+13	Beyond T+13	
Financial asset at amortized cost					
Cash in banks	<b>₱50,174,429</b>	<b>₱50,174,429</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>
Receivable from:					
- Customers	<b>23,159,702</b>	<b>1,098,966</b>	<b>2,412,087</b>	<b>5,823,714</b>	<b>13,824,935</b>
- Clearing house, net	<b>3,103,227</b>	<b>3,103,227</b>	-	-	-
Due from related parties	<b>2,635,230</b>	<b>2,635,230</b>	-	-	-
Refundable deposits	<b>620,241</b>	<b>620,241</b>	-	-	-
Other current assets	<b>58,390</b>	<b>58,390</b>	-	-	-
	<b>₱79,751,219</b>	<b>₱57,690,483</b>	<b>₱2,412,087</b>	<b>₱5,823,714</b>	<b>₱13,824,935</b>

	2022				
	Total	Neither past due nor Impaired	Past due but not impaired		Impaired
			T+3 to T+13	Beyond T+13	
Financial asset at amortized cost					
Cash in banks	₱7,903,866	₱7,903,866	₱-	₱-	₱-
Receivable from:					
- Customers	22,151,755	978,063	18,126,275	2,677,493	369,924
- Clearing house, net	19,263,504	19,263,504	-	-	-
Due from related parties	2,860,445	2,860,445	-	-	-
Refundable deposits	473,008	473,008	-	-	-
Other current assets	58,390	58,390	-	-	-
	₱52,710,968	₱31,537,276	₱18,126,275	₱2,677,493	₱369,924

The credit quality of the Company's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus, credit risk exposure is minimal. These counterparties include banks, customers and related parties who pay on or before due date.



*Credit quality per class of financial assets*

The cash in banks, financial assets at FVPL and financial asset at FVOCI are considered by management as with financial institutions, companies and counterparties that are reputable and/or with good credit standing. Cash in banks is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

The receivable from customers and clearing house, related parties and refundable deposits, which are neither past due nor impaired, are considered by management of the Company as exposed to normal business risk and there is no objective evidence of impairment for these receivables which may cause the Company to incur losses at the financial reporting date.

The Company's bases in grading its financial assets are as follows:

High grade – The debtor has a very low probability of default as demonstrated by its long history of stability, profitability and good financial standing. The debtor has the proven ability to raise substantial amounts of funds through the public markets or external financing, has strong debt service record and moderate use of leverage.

Standard grade – The debtor has no history of default, has sufficient liquidity to service its debt over the medium term and reported recently turned profitable. The debtor also has adequate capital to absorb any potential losses from its operations and any reasonably foreseeable contingencies. Debtors under this grade should be monitored regularly.

Substandard grade – The debtor is subject to economic cycles and its operating performance could be marginal or declining as a result. The debtor is however expected to be able to adjust to the cyclical downturns, but any prolonged adverse economic conditions could create profitability and/or liquidity issues. The use of leverage is above industry standards. Debtors under this grade should be placed under an exit strategy.

The tables below show the credit quality by class of financial assets as at December 31:

	2023						
	Neither past due nor impaired			Unrated	Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade				
Financial asset at amortized cost							
- Cash in banks	₱50,147,429	₱-	₱-	₱-	₱-	₱-	₱-
- Receivable from:							
- Customers	1,098,966	-	-	-	8,235,801	13,824,935	23,159,702
- Clearing house	3,103,227	-	-	-	-	-	-
Due from related parties	2,635,230	-	-	-	-	-	-
Refundable deposits	620,241	-	-	-	-	-	-
Other current assets	58,390	-	-	-	-	-	-
Financial assets at FVOCI	1,190,000	-	-	-	-	-	-
	<b>₱58,853,483</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱8,235,801</b>	<b>₱13,824,935</b>	<b>₱23,159,702</b>





2022

	Neither past due nor impaired				Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade	Unrated			
Financial assets at FVPL	₱3,851,160	₱-	₱-	₱-	₱-	₱-	₱-
Financial asset at amortized cost							
- Cash in banks	7,903,866	-	-	-	-	-	-
- Receivable from:	-	-	-	-	-	-	-
- Customers	978,063	-	-	-	20,803,768	369,924	22,151,755
- Clearing house	19,263,504	-	-	-	-	-	-
Due from related parties	2,860,445	-	-	-	-	-	-
Refundable deposits	473,008	-	-	-	-	-	-
Other current assets	58,390	-	-	-	-	-	-
Financial assets at FVOCI	11,850,000	-	-	-	-	-	-
	<b>₱47,238,436</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱20,803,768</b>	<b>₱369,924</b>	<b>₱22,151,755</b>

### Market Risk

#### Price Risk

The Company's market price risk arises from its investments carried at fair value. The Company manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The Company is exposed to equity securities' price risk because of the investments. Positions relating to dealing errors are closed immediately.

	2023			2022		
	Change in market price	Decrease in OCI	Increase (decrease) in loss before income tax	Change in market price	Decrease in OCI	Increase (decrease) in loss before income tax
Services	(25%)	₱-	₱209,348	(18%)	₱-	(₱693,209)
Financial	2%	-	(17,417)	2%	(300,121)	2,462
Industrial	68%	-	(575,197)	(10%)	-	(15,155)
Property	(25%)	-	209,348	(9%)	-	(15,019)
Holding	(216%)	-	1,831,796	(5%)	-	(8,743)
Mining and oil	199%	-	(1,688,549)	(13%)	-	(6,105)
		<b>₱-</b>	<b>(₱30,671)</b>		<b>(₱300,121)</b>	<b>(₱735,769)</b>

The assumed fluctuation rate is based on the average change in month-end market value of the individual stock included in the categories from years 2019 to 2021 for 2021 and years 2018 to 2020 for 2020. There is no other impact on the Company's equity other than those already affecting OCI.

#### Interest Rate Risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in interest rates. The economic perspective of interest rate risk focuses on the value of a financial instrument in the current interest rate environment and the sensitivity of that value to changes in interest rates.

The Company's exposure to interest rate risk mainly arises from the cash deposits maintained with a local bank, which bears interest based on prevailing bank rates. The Company is not materially exposed to interest rate risk as the Company's interest rates on cash in banks have historically shown small changes in interest rates, hence, is not sensitive to interest rate fluctuations.



### *Foreign Currency Risk*

The functional currency is the Philippine peso, which is the denomination of the bulk of the Company's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Company. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

The Company is not exposed to foreign currency risk as the Company does not have foreign currency-denominated transactions.

### Capital Management

The primary objective of the Company's capital management is to ensure the ability of the Company to have sufficient capital to underpin the Company's risk-taking activities, and continue as a going concern and maintain a strong credit rating.

The BOD has the overall responsibility for monitoring the Company's capital structure and making the necessary adjustments to address the risks and adapt to changes in economic conditions and regulatory requirements.

### *Regulatory qualifying capital*

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealer as follows:

- (a) to allow a net capital of ₱2.5 million or 2.5% of aggregate indebtedness (AI), whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities;
- (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model; and
- (c) to require unimpaired paid-up capital of ₱100 million for broker dealers, which are either first-time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10 million plus a surety bond for existing broker dealers not engaged in market-making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with the SRC. These guidelines cover (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operational risk.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110%. NLC and TRCR are computed based on the existing provision of the SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription with no SEC application, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the AI of every stockbroker should not exceed 2,000% of its NLC and at all times shall have and maintain NLC of at least ₱5 million or 5% of the AI, whichever is higher. If the minimum RBCA ratio of 110% or the minimum NLC is breached, every broker dealer shall immediately cease doing business as broker dealer.

### *Limitations on withdrawal of core equity*

No equity capital of a broker dealer may be withdrawn by action of a stockholder or a partner or by redemption or repurchase of shares of stock or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a stockholder, partner, sole proprietor, employee or affiliate, if after giving effect thereto and to any such withdrawals, advances or loans and any payments under satisfactory subordination agreements in conformity with SRC Rule 49.1, paragraph 2 which are scheduled to occur within 180 days following such withdrawal, advance or loan if:

- (a) The broker dealer's NLC would be less than 120% of the minimum amount which is at least ₱5 million or 5% of his AI, whichever is higher; or
- (b) The AI of the broker dealer exceeds 1,500% of its net capital.



Any transaction between a broker and a stockholder, partner, sole proprietor, employee or affiliate that results in a diminution of the broker dealer's net capital shall be deemed to be an advance or loan of net capital.

The RBCA ratio of the Company as at December 31 follows:

	<b>2023</b>	2022
Equity eligible for NLC	<b>₱70,841,221</b>	₱85,733,092
Less: Ineligible assets	<b>61,458,753</b>	73,744,828
<b>NLC</b>	<b>₱9,382,468</b>	₱11,988,264
Operational risk	<b>₱2,551,202</b>	₱2,467,358
Position risk	-	1,316,153
Counterparty risk	<b>175,283</b>	9,392
<b>TRCR</b>	<b>₱2,726,485</b>	₱3,792,903
<b>AI</b>	<b>₱51,787,364</b>	₱37,755,176
5% of AI	<b>₱2,589,368</b>	₱1,887,759
Required NLC	<b>5,000,000</b>	5,000,000
Net Risk-based Capital Excess	<b>4,382,468</b>	6,988,264
Ratio of AI to NLC	<b>552%</b>	315%
RBCA ratio	<b>344%</b>	316%

As of December 31, 2023 and 2022, the Company is in compliance with the required RBCA ratio.

The SEC approved on May 28, 2009 the PSE's Rules Governing Trading Rights and Trading Participants. The provisions of the rules mandated the following:

- (a) Trading participants must have and keep a minimum subscribed capital stock in such amounts as may be required by law or regulations; provided, that trading participants shall have a minimum unimpaired paid-up capital, as defined by the SEC, of ₱20 million effective December 31, 2009; provided further, that effective December 31, 2010 and onwards, the minimum unimpaired paid-up capital shall be ₱30 million; and
- (b) Unless a trading participant has arranged a form of guarantee acceptable to the PSE, the trading participant shall pledge its trading right to the extent of its full value to secure the payment of all debts and claims due the clients of the trading participant, the government, the PSE and to other trading participants of the PSE and to the SCCP. Such indebtedness to the PSE, SCCP and other trading participants shall always, and in every case, be a prior, preferred lien upon the value, or the proceeds of sale of the trading rights.

The Company is in compliance with the required unimpaired paid-up capital as of December 31, 2023 and 2022 as shown in the statements of changes in equity.



## 24. Financial Assets and Financial Liabilities

The following table summarizes the carrying values of the Company's financial assets and financial liabilities at December 31:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Financial assets at FVPL	<b>₱-</b>	<b>₱-</b>	₱3,851,160	₱3,851,160
<i>Financial assets at amortized cost</i>				
Cash	<b>50,174,429</b>	<b>50,174,429</b>	7,903,866	7,903,866
Receivable from:				
Customers, net	<b>9,334,767</b>	<b>9,334,767</b>	21,781,831	21,781,831
Clearing house	<b>3,103,227</b>	<b>3,103,227</b>	19,263,504	19,263,504
Due from related parties	<b>2,635,230</b>	<b>2,635,230</b>	2,860,445	2,860,445
Refundable deposits	<b>620,241</b>	<b>620,241</b>	473,008	473,008
Other current asset	<b>58,390</b>	<b>58,390</b>	58,390	58,390
Financial asset at FVOCI	<b>1,190,000</b>	<b>1,190,000</b>	11,850,000	11,850,000
	<b>₱67,116,284</b>	<b>₱67,116,284</b>	₱68,042,204	₱68,042,204
<b>Financial liabilities</b>				
<i>Financial liabilities at amortized cost</i>				
Payable to:				
Customers	<b>₱46,929,762</b>	<b>₱46,929,762</b>	₱32,951,952	₱32,951,952
Related parties	<b>295,464</b>	<b>295,464</b>	295,464	295,464
Other current liabilities*	<b>346,065</b>	<b>346,065</b>	705,475	705,475
	<b>₱47,571,291</b>	<b>₱47,571,291</b>	₱33,952,891	₱33,952,891

\*excluding government liabilities

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash, Receivables, Refundable Deposits and Other Current Asset.* The carrying amounts of cash, receivables, refundable deposits and other current asset approximate fair values primarily due to the relatively short-term maturities of these financial instruments.

*Financial Assets at FVPL and Financial Assets at FVOCI.* The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. Unquoted equity securities are carried at cost less impairment.

*Payable and Other Current Liabilities.* The carrying amount of accounts payable and other current liabilities approximates fair value due to the relatively short-term maturity of this financial instrument.

### Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).



The table below analyzes financial instruments carried at fair value by valuation method:

<b>2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets at FVPL	₱-	₱-	₱-	₱-
Financial assets at FVOCI	<b>1,190,000</b>	-	-	<b>1,190,000</b>
<b>2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets at FVPL	₱3,851,160	₱-	₱-	₱3,851,160
Financial assets at FVOCI	11,850,000	-	-	11,850,000

The Company has no financial instruments valued based on Level 2 and Level 3 as at December 31, 2023 and 2022. In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.



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**25. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010**

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements in addition to the disclosures mandated under PFRS.

Presented below is the supplementary information required under RR 15-2010.

a. VAT

Output VAT

Output VAT declared in 2023 and the revenue upon which the same was based consist of:

	Net Sales/Receipts	Output VAT
Vatable sales	₱14,676,259	₱1,761,151

Input VAT

As of December 31, 2023, the details of the input VAT are as follows:

Balance at beginning of the year	₱-
Add: Current year's domestic purchases/payments for:	
Input Deferred on Capital Goods Exceeding 1M	-
Domestic purchase of goods other than capital goods	-
Importation of goods other than capital goods	-
Domestic purchase of services	670,486
Purchases not qualified for input tax	-
Total available input VAT	670,486
Less: Claims for tax credit/tax adjustments	670,486
Balance at end of year	₱-

b. Taxes and Licenses

Details of the Company's taxes and licenses and permits in 2023 are as follows:

Business permit	₱91,810
BIR registration fee	500
Others	2,050
	₱94,360

c. Withholding Taxes

Details of withholding taxes paid in 2023 are as follows:

Withholding tax on compensation	₱19,542
Expanded withholding taxes	13,816
	₱33,358

d. Deficiency Tax Assessments and Tax Cases

As of December 31, 2023, the Company has no pending tax cases and has not received any tax assessments notices from BIR.



**REVENUE REGULATION (RR) NO. 34-020**

RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under RR 34-2020 for the year ended December 31, 2023.

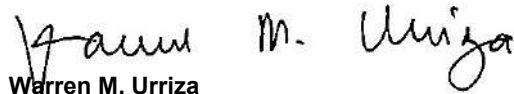


**INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT**

The Shareholders and the Board of Directors  
**Mercantile Securities Corporation**  
Unit 1102 The PSE Tower, One Bonifacio High Street  
5th Avenue Corner 28th Street, Bonifacio Global City  
Fort Bonifacio, Taguig City

We have audited the financial statements of **Mercantile Securities Corporation** (the "Company") as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 12, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has a total number of five (5) shareholders owning one hundred (100) or more shares each.

**ROXAS TABAMO & CO.**

**Warren M. Urriza**  
Partner  
CPA Certificate No. 0106419  
Tax Identification No. 246-618-368  
BIR Accreditation No. 08-001682-017-2024, issued on March 22, 2024,  
effective until March 21, 2027  
PTR No. 10079596, issued on January 5, 2024, Makati City

April 12, 2024  
Makati City





**MERCANTILE SECURITIES CORPORATION**  
**STATEMENT OF CHANGES IN LIABILITIES**  
**SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**  
**DECEMBER 31, 2023**

There are no liabilities subordinated to claims of general creditors.

**MERCANTILE SECURITIES CORPORATION**  
**RISK-BASED CAPITAL ADEQUACY WORKSHEET**  
**PURSUANT TO SECURITIES AND EXCHANGE COMMISSION**  
**MEMORANDUM CIRCULAR NO. 16, SERIES OF 2004**  
**DECEMBER 31, 2023**

Please see attached Risk-Based Capital Adequacy Worksheet computation of net liquid capital as at December 31, 2023.

**MERCANTILE SECURITIES CORPORATION**  
**RISK-BASED CAPITAL ADEQUACY WORKSHEET**  
**DECEMBER 31, 2023**

<b>Assets</b>	<b>₱130,284,760</b>
<b>Liabilities</b>	<b>52,070,571</b>
<b>Equity as per books</b>	<b>78,214,189</b>
<b>Adjustments to Equity per books</b>	
Add (Deduct) :	
Allowance for market decline	-
Subordinated Liabilities	-
Unrealized Gain / (Loss) in proprietary accounts	-
Deferred Income Tax	(6,213,584)
Revaluation Reserves	(1,159,384)
Deposit for Future Stock Subscription (No application with SEC)	-
Minority Interest	-
<b>Total Adjustments to Equity per books</b>	<b>(7,372,968)</b>
<b>Equity Eligible For Net Liquid Capital</b>	<b>70,841,221</b>
<b>Contingencies and Guarantees</b>	
Deduct : Contingent Liability	-
Guarantees or indemnities	-
<b>Ineligible Assets</b>	
a. Trading Right and all Other Intangible Assets (net)	2,312,726
b. Intercompany Receivables	2,635,230
c. Fixed Assets, net of accumulated and excluding those used as collateral	51,866,565
d. All Other Current Assets	2,554,668
e. Securities Not Readily Marketable	58,390
f. Negative Exposure (SCCP)	
g. Notes Receivable (non-trade related)	-
h. Interest and Dividends Receivables outstanding for more than 30 days	-
i. Ineligible Insurance claims	-
j. Ineligible Deposits	-
k. Short Security Differences	-
l. Long Security Differences not resolved prior to sale	-
m. Other Assets including Equity Investment in PSE	2,031,174
<b>Total ineligible assets</b>	<b>61,458,753</b>

<b>Net Liquid Capital (NLC)</b>	<b>₱9,382,468</b>
<b>Less:</b>	
Operational Risk Reqt (Schedule ORR-1)	2,551,202
Position Risk Reqt (Schedule PRR-1)	
Counterparty Risk (Schedule CRR-1 and detailed schedules)	175,283
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)	
LERR to a single client (LERR-1)	-
LERR to a single debt (LERR-2)	-
LERR to a single issuer and group of companies (LERR-3)	-
<b>Total Risk Capital Requirement (TRCR)</b>	<b>2,726,485</b>
<b>Net RBCA Margin (NLC-TRCR)</b>	<b>6,655,983</b>
<b>Liabilities</b>	<b>52,070,571</b>
Add : Deposit for Future Stock Subscription (No application with SEC)	-
Less : Exclusions from Aggregate Indebtedness	-
Subordinated Liabilities	-
Loans secured by securities	-
Loans secured by fixed assets	-
Others	283,207
<b>Total adjustments to AI</b>	<b>(283,207)</b>
<b>Aggregate Indebtedness</b>	<b>51,787,364</b>
<b>5% of Aggregate Indebtedness</b>	<b>2,589,368</b>
<b>Required Net Liquid Capital (&gt; of 5% of AI or ₱5M)</b>	<b>5,000,000</b>
<b>Net Risk-based Capital Excess / (Deficiency)</b>	<b>4,382,468</b>
<b>Ratio of AI to Net Liquid Capital</b>	<b>552%</b>
<b>RBCA Ratio (NLC / TRCR)</b>	<b>344%</b>

**MERCANTILE SECURITIES CORPORATION**  
**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS**  
**UNDER SRC RULE 49.2**  
**DECEMBER 31, 2023**

Customers' fully paid securities and excess margin securities not in the broker dealer's possession or control as of the report date (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):

Market valuation	NIL
Number of items	NIL

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

Market valuation	NIL
Number of items	NIL

**MERCANTILE SECURITIES CORPORATION**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**UNDER SRC RULE 49.2**  
**DECEMBER 31, 2023**

	Credit	Debit
Free credit balances and other credit balances in customers' security accounts	₱19,379,778	
Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection		(₱3,345,983)
Failed to deliver customers' securities not older than 30 calendar days.		3,103,227
<b>Total</b>	<b>₱19,379,778</b>	<b>₱242,756</b>
<b>Net credit balance</b>	<b>₱19,137,022</b>	

**MERCANTILE SECURITIES CORPORATION**

**A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR  
FOUND TO HAVE EXISTED SINCE THE DATE OF PREVIOUS AUDIT  
DECEMBER 31, 2023**

There were no matters involving the Company's internal control structure and its operations that were considered to be material weaknesses.

**MERCANTILE SECURITIES CORPORATION**  
**RESULTS OF SECURITIES COUNT CONDUCTED**  
**PURSUANT TO SRC RULE 52.1-10, AS AMENDED**  
**DECEMBER 31, 2023**

There is no discrepancy in the results of the securities count conducted. Refer to attached summary.



**MERCANTILE SECURITIES CORPORATION**  
**INVENTORY REPORT BY LOCATION - SUMMARIZED**  
*As of December 31, 2023*

Customer : ARSENIO C. BALU (C001) - SSS FAO ABRAHAM (SSSPAS)

Date Printed 2/6/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
AAA	A. AMALGAMATED	0	0	0	6,000	6,000	0.0000	0.00
AB	ATOK BIG WEDGE	0	0	0	1,700	1,700	5.3200	9,044.00
ABA	ABACUS CONS. - A	0	0	0	855,200	855,200	0.8500	726,920.00
ABG	ASIA BEST GROUP	0	0	0	15,000	15,000	3.0100	45,150.00
ABS	ABS-CBN CORPORATION	100	0	0	2,588,150	2,588,250	4.6200	11,957,715.00
ABSP	ABS-CBN PHIL. DEPOSIT RECEIPTS	0	0	0	420,000	420,000	4.6000	1,932,000.00
AC	AYALA CORP.	0	0	700	51,027	51,727	681.0000	35,226,087.00
ACE	ACESITE (PHILS.) HOTEL CORPORATION	0	0	0	6,000	6,000	1.7200	10,320.00
ACEN	ACEN CORPORATION	0	0	0	4,935,975	4,935,975	4.3800	21,619,570.50
ACENE	ACEN SERIES B PREFERRED SHARES	0	0	0	1,900	1,900	1,080.0000	2,052,000.00
ACR	ALSON CONS. RES.	0	0	0	587,000	587,000	0.5400	316,980.00
ACR - S	ACR - S/R	10,000	0	0	10,000	10,000	0.0000	0.00
AEV	ABOITIZ EQUITY	0	0	0	22,900	22,900	44.6000	1,021,340.00
AGI	ALLIANCE GLOBAL, INC.	0	0	0	334,600	334,600	11.2800	3,774,288.00
ALC	ALSONS CEMENT CORP.	0	0	0	20	20	0.0000	0.00
ALCO	ARTHALAND CORPORATION	0	0	0	285,625	285,625	0.4150	118,534.38
ALHI	ANCHOR LAND HOLDINGS, INC.	0	0	0	21,000	21,000	4.0100	84,210.00
ALHI-P	ALHI-P	9,000	0	0	9,000	9,000	0.0000	0.00
ALI	AYALA LAND INC.	0	0	3,000	521,417	524,417	34.4500	18,066,165.65
ALLDY	ALLDAY MARTS, INC.	0	0	0	9,589,000	9,589,000	0.1570	1,505,473.00
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	0	0	0	111,000	111,000	1.7700	196,470.00
ALTER	ALTERNGY HOLDINGS CORPORATION	0	0	0	6,918,000	6,918,000	0.7700	5,326,860.00
ANI	AGRINURTURE, INC.	0	0	0	6,068,646	6,068,646	0.7500	4,551,484.50
ANS	A. SORIANO CORP	776	0	0	34,111	34,887	11.6600	406,782.42
AP	ABOITIZ POWER CORPORATION	0	0	0	312,400	312,400	37.8000	11,808,720.00
APC	APC GROUP, INC.	0	0	0	1,598,000	1,598,000	0.2350	375,530.00
APL	APOLLO GLOBAL CAPITAL, INC.	0	0	0	1,099,952,500	1,099,952,500	0.0130	14,299,382.50
APO	ANGLO-PHIL. HOLDINGS CORP	0	0	0	2,650,000	2,650,000	0.4500	1,192,500.00
APVI	ALTUS PROPERTY VENTURES, INC.	0	0	0	80,952	80,952	9.2900	752,044.08
APX	APEX MINING - A	0	0	0	575,750	575,750	3.0000	1,727,250.00
AR	ABRA MINING	5,000,000	0	0	333,600,000	338,600,000	0.0000	0.00
ARA	ARANETA PROP., INC.	0	0	0	131,400	131,400	0.9800	128,772.00
AREIT	AREIT, INC.	0	0	0	42,300	42,300	33.4000	1,412,820.00
AT	ATLAS CONS.	2	0	0	1,218,904	1,218,906	3.5300	4,302,738.18
ATI	ASIAN TERMINALS	0	0	0	67	67	15.0000	1,005.00
ATN	ATN HOLDINS INC.	160,000	0	0	179,000	339,000	0.3800	128,820.00
ATNB	ATN HOLDINGS INC. - B	0	0	0	211,000	211,000	0.3800	80,180.00
AUB	ASIA UNITED BANK CORPORATION	0	0	0	93,405	93,405	32.7000	3,054,343.50
AXLM	AXELUM RESOURCES CORP.	0	0	0	596,500	596,500	2.4000	1,431,600.00
BALAI	BALAI NI FRUITAS, INC.	0	0	0	2,000	2,000	0.3900	780.00

**MERCANTILE SECURITIES CORPORATION**  
**INVENTORY REPORT BY LOCATION - SUMMARIZED**

As of December 31, 2023

Customer : ARSENIO C. BALU (C001) - SSS FAO ABRAHAM (SSSPAS)

Date Printed 2/6/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
BC	BENGUET CORP. - A	400	0	0	17,150	17,550	4,8700	85,468.50
BCB	BENGUET CORP. - B	0	0	0	4,000	4,000	4,9000	19,600.00
BDO	BANCO DE ORO UNIBANK, INC.	0	0	0	40,124	40,124	130,5000	5,236,182.00
BEL	BELLE CORPORATION	0	0	0	910,999	910,999	1,1700	1,065,868.83
BHI	BOULEVARD HOLDINGS, INC.	0	0	0	28,320,000	28,320,000	0,0610	1,727,520.00
BKR	BRIGHT KINDLE RESOURCES INVESTMENT	0	0	0	101,800	101,800	1,4000	142,520.00
BLOOM	BLOOMBERRY RESORTS CORPORATION	0	0	0	279,400	279,400	9,8400	2,749,296.00
BNCON	BANK OF COMMERCE	0	0	0	648,000	648,000	7,2700	4,710,960.00
BPI	BANK OF PHIL. ISLANDS	0	0	0	88,682	88,682	103,8000	9,205,191.60
BRN	A. BROWN CO., INC.	0	0	0	6,956,913	6,956,913	0,6500	4,521,993.45
BSC	BASIC ENERGY CORPORATION	0	0	0	10,319,900	10,319,900	0,1770	1,826,622.30
C	CHELSEA LOGISTICS HOLDINGS CORP.	0	0	0	504,600	504,600	1,5000	756,900.00
CAL	CALATA CORPORATION	100,000	0	0	574,520	674,520	0,0000	0.00
CAT	CENTRAL AZUCARERA DE TARLAC	0	0	0	1,000	1,000	11,5000	11,500.00
CBC	COSMOS BOTTLING	6,400	0	0	0	6,400	0,0000	0.00
CDC	CITYLAND DEV CORP - A	0	0	0	208,285	208,285	0,6900	143,716.65
CEB	CEBU AIR, INC.	0	0	0	128,980	128,980	32,5000	4,191,850.00
CEI	CROWN EQUITY, INCORPORATED	0	0	0	40,722,000	40,722,000	0,0670	2,728,374.00
CHI	CEBU HOLDINGS, INC.	0	0	0	106,613	106,613	0,0000	0.00
CHIB	CHINA BANKING CORP.	0	0	0	499,240	499,240	30,8500	15,401,554.00
CHP	CEMEX HOLDINGS PHILIPPINES, INC.	0	0	0	258,775	258,775	0,9400	243,248.50
CIC	CONCEPCION INDUSTRIAL CORPORATION	0	0	0	1,240	1,240	14,5000	17,980.00
CLI	CEBU LANDMASTERS, INC.	0	0	0	28,990	28,990	2,4700	71,605.30
CNPF	CENTURY PACIFIC FOOD, INC.	0	0	0	35,700	35,700	30,9500	1,104,915.00
CNVRC	CONVERGE INFO. AND COMM. TECHNOLOGY	0	0	0	848,438	848,438	8,3800	7,109,910.44
COAL	COAL ASIA HOLDINGS INCORPORATED	0	0	0	6,432,000	6,432,000	0,1110	713,952.00
COSCO	COSCO CAPITAL, INC.	0	0	0	646,900	646,900	4,6200	2,988,678.00
CPG	CENTURY PROPERTIES GROUP, INC.	0	0	0	881,409	881,409	0,2800	246,794.52
CPM	CENTURY PEAK HOLDINGS CORPORATION	0	0	0	21,000	21,000	3,4800	73,080.00
CREIT	CITICORE ENERGY REIT CORP.	0	0	0	2,287,000	2,287,000	2,5600	5,854,720.00
CROWI	CROWN ASIA CHEMICALS CORPORATION	0	0	0	90,000	90,000	1,5600	140,400.00
CYBR	CYBER BAY CORP.	0	0	0	11,749,000	11,749,000	0,3300	3,877,170.00
DD	DOUBLEDRAGON CORPORATION	0	0	0	166,490	166,490	7,6000	1,265,324.00
DDMPF	DDMP REIT, INC.	0	0	0	2,331,000	2,331,000	1,2100	2,820,510.00
DELM	DEL MONTE PACIFIC LIMITED	0	0	0	14,942	14,942	6,4900	96,973.58
DFNN	DIVERSIFIED FINANCIAL NETWORKS, INC	0	0	0	28,000	28,000	3,0900	86,520.00
DGTL	DIGITAL TELECOM PHILS., INC.	23,750	0	0	0	23,750	0,0000	0.00
DHI	DOMINION HOLDING INC.	0	0	0	11,660	11,660	0,0000	0.00
DITO	DITO CME HOLDINGS CORP.	0	0	0	2,813,825	2,813,825	2,3500	6,612,488.75
DIZ	DIZON MINES	0	0	0	59,983	59,983	2,2300	133,762.09
DMC	DMCI HOLDINGS INC.	0	0	0	796,400	796,400	9,7700	7,780,828.00
DMW	D.M. WENCESLAO & ASSOCIATES, INC.	0	0	0	16,000	16,000	5,1600	82,560.00

MERCANTILE SECURITIES CORPORATION  
**INVENTORY REPORT BY LOCATION - SUMMARIZED**

As of December 31, 2023

Customer : ARSENIO C. BALU (C001) - SSS FAO ABRAHAM (SSSPAS)

Date Printed 2/6/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
DNA	PHILAB HOLDINGS CORP.	0	0	0	200	200	0.0000	0.00
DNL	D & L INDUSTRIES, INC.	0	0	0	1,616,800	1,616,800	6.3100	10,202,008.00
DWC	DISCOVERY WORLD CORPORATION	0	0	0	8,925,000	8,925,000	1.4100	12,584,250.00
ECVC	EAST COAST VULCAN CORPORATION	4,000	0	0	16,576,000	16,580,000	0.6000	9,948,000.00
EEI	ENGG EQUIPMENT INC.	0	0	0	124,714	124,714	5.9700	744,542.58
EG	IP E-GAME VENTURES,	0	0	0	11,970,000	11,970,000	0.0000	0.00
EIBA	EXPORT & INDUSTRY BANK A	0	0	0	1,740,000	1,740,000	0.0000	0.00
EIBB	EXPORT & INDUSTRY BANK B	0	0	0	130,000	130,000	0.0000	0.00
ELI	EMPIRE EAST LAND HOLDINGS INC.	581	0	0	2,475,885	2,476,466	0.1260	312,034.72
ENEX	ENEX ENERGY CORP.	0	0	0	45,456	45,456	4.9000	222,734.40
ETON	ETON PROPERTIES PHILS., INC.	36,227	0	0	36,227	36,227	0.0000	0.00
EURO	EURO-MED LABORATORIES	0	0	0	2,793	2,793	0.7100	1,983.03
EVER	EVER GOTESCO RESOURCES & HLDS., INC	0	0	10,000,000	940,000	10,940,000	0.2900	3,172,600.00
EW	EAST WEST BANKING CORPORATION	0	0	0	218,865	218,865	8.5200	1,864,729.80
FAF	FIRST ABACUS FINANCE	0	0	0	30,000	30,000	0.6000	18,000.00
FB	SAN MIGUEL FOOD AND BEVERAGE, INC	0	0	0	5,250	5,250	51.0000	267,750.00
FCG	FIGARO COFFEE GROUP INC.	0	0	0	198,000	198,000	0.6000	118,800.00
FDC	FILINVEST DEV. CORP.	0	0	0	9,877	9,877	5.3500	52,841.95
FFI	FILIPINO FUND, INC.	0	0	0	5,026	5,026	3.6000	18,093.60
FGEN	FIRST GEN CORPORATION	0	0	0	1,704,639	1,704,639	17.4000	29,660,718.60
FILRT	FILINVEST REIT CORPORATION	0	0	0	24,000	24,000	2.5800	61,920.00
FLI	FILINVEST LAND	0	0	0	767,973	767,973	0.5900	453,104.07
FMETF	FMETF	0	0	0	6	6	102.7000	616.20
FMIC	FIRST METRO INVESTMENT CORPORATION	3,614	0	0	3,614	3,614	0.0000	0.00
FNI	GLOBAL FERRONICKEL HOLDINGS, INC.	0	0	0	264,906	264,906	2.0600	545,706.36
FOOD	ALLIANCE SELECT FOODS INTERNATIONAL	0	0	0	136,782	136,782	0.4600	62,919.72
FPH	FIRST PHILIPPINE HOLDINGS	0	0	0	346,328	346,328	62.5000	21,645,500.00
FPI	FORUM PACIFIC, INC.	0	0	0	1,182,000	1,182,000	0.2000	236,400.00
FRUIT	FRUITAS HOLDINGS, INC	0	0	0	610,000	610,000	0.9600	585,600.00
GEO	GEOGRACE RESOURCES PHILS., INC.	0	0	0	8,495,813	8,495,813	0.0270	229,386.95
GERI	GLOBAL-ESTATE RESORTS, INC.	0	0	0	628,652	628,652	0.9500	597,219.40
GLO	GLOBE TELECOM	0	0	0	987	987	1,720.0000	1,697,640.00
GMA7	GMA NETWORK, INC	0	0	0	117,500	117,500	8.4000	987,000.00
GMAP	GMA HOLDINGS-PDR	0	0	0	3,000	3,000	8.3000	24,900.00
GO	GOTESCO LAND, INC.	252,378	0	0	252,378	252,378	0.0000	0.00
GOB	GOTESCO LAND, INC. - B	100,840	0	0	100,840	100,840	0.0000	0.00
GREEN	GREENEY HOLDINGS INCORPORATED	0	0	0	2,430,004	2,430,004	0.2290	556,470.92
GSMI	GINEBRA SAN MIGUEL INC.	0	0	0	60	60	168.7000	10,122.00
GTCAP	GT CAPITAL HOLDINGS, INC.	0	0	0	8,006	8,006	590.0000	4,723,540.00
HI	HOUSE OF INVESTMENTS	0	0	0	27,800	27,800	3.2400	90,072.00
HLCM	HOLCIM CEMENT CORPORATION	7,820	0	0	7,820	7,820	0.0000	0.00
HOME	ALLHOME CORPORATION	0	0	0	81,500	81,500	1.1200	91,280.00

MERCANTILE SECURITIES CORPORATION  
**INVENTORY REPORT BY LOCATION - SUMMARIZED**

As of December 31, 2023

Customer : ARSENIO C. BALU (C001) - SSS FAO ABRAHAM (SSSPAS)

Date Printed 2/6/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
HTI	HAUS TALK INC.	0	0	0	4,264,000	4,264,000	0.9500	4,050,800.00
HVN	GOLDEN MV HOLDINGS, INC	0	0	0	333,600	333,600	844.5000	281,725,200.00
I	I REMIT, INC.	0	0	0	110,989	110,989	0.3850	42,730.77
ICT	INTL. CONTAINER	0	0	0	54,357	54,357	246.8000	13,415,307.60
IDC	ITALPINAS DEVELOPMENT CORPORATION	0	0	0	8,520	8,520	0.6900	5,878.80
IMI	INTEGRATED MICRO-ELECTRONICS, INC	0	0	0	46,000	46,000	3.1600	145,360.00
IMP	IMPERIAL RES. - A	0	0	0	114,900	114,900	0.5200	59,748.00
INFRA	PHILIPPINE INFRADEV HOLDINGS INC.	0	0	0	546,800	546,800	0.5500	300,740.00
ION	IONICS, INC.	1,000	0	0	1,566,000	1,567,000	1.0100	1,582,670.00
IPM	IPM HOLDINGS, INC.	0	0	0	71,500	71,500	3.3800	241,670.00
IPO	IPEOPLE, INC.	2,500	0	0	25,038	27,538	7.3500	202,404.30
IS	ISLAND INFORMATION & TECHNOLOGY	0	0	0	3,420,000	3,420,000	0.0000	0.00
JFC	JOLIBEE FOODS	0	0	0	44,950	44,950	251.4000	11,300,430.00
JFCPA	JFC NON VOTING PERPETUAL SERIES A	0	0	0	500	500	950.5000	475,250.00
JGS	JG SUMMIT	0	0	0	4,650	4,650	38.1500	177,397.50
KEEPR	THE KEEPERS HOLDINGS, INC.	0	0	0	388,610	388,610	1.4800	575,142.80
KEP	KEPPEL PHILS. PROPERTIES	0	0	0	6,288	6,288	4.9100	30,874.08
KPH	KEPPEL PHIL HLDGS-A	0	0	0	66	66	5.0000	330.00
KPHB	KEPPEL PHIL HLDGS-B	0	0	0	5,097	5,097	5.5100	28,084.47
KPM	KEPPEL PHIL MARINE	41,367	0	0	41,367	41,367	0.0000	0.00
LAND	CITY & LAND DEVELOPERS, INC.	0	0	0	36,186	36,186	0.7600	27,501.36
LBC	LBC EXPRESS HOLDINGS, INC.	0	0	0	2,000	2,000	18.2400	36,480.00
LC	LEPANTO CONS. - A	1,000	0	0	14,895,160	14,895,160	0.0800	1,191,612.80
LCB	LEPANTO - B	0	0	0	3,175,712	3,175,712	0.0780	247,705.54
LFM	LIBERTY FLOUR	0	0	0	62,700	62,700	12.1000	758,670.00
LIB	LIBERTY TELECOMS HOLDINGS	0	0	0	5,000	5,000	0.0000	0.00
LODE	LODESTAR INVT. HLDG CORP.	0	0	0	492,000	492,000	0.4650	228,780.00
LOTO	PACIFIC ONLINE SYSTEMS CORPORATION	0	0	0	31,000	31,000	4.9500	153,450.00
LPC	LFM PROPERTIES CORPORATION	0	0	0	4,326,300	4,326,300	0.0600	259,578.00
LPZ	LOPEZ HOLDINGS CORPORATION	0	0	0	43,916,610	43,916,610	4.2600	187,084,758.60
LRC	LANDOIL RES. - A	15,086,000	0	0	15,086,000	15,086,000	0.0000	0.00
LRI	REPUBLIC CEMENT & BUILDING MATERIAL	871	0	0	871	871	0.0000	0.00
LSC	LORENZO SHIPPING CORP.	0	0	0	547,500	547,500	0.5500	301,125.00
LTG	LT GROUP, INC	0	0	0	7,500	7,500	8.9800	67,350.00
MA	MANILA MNG - A	21,000	0	0	755,811,935	755,832,935	0.0046	3,476,831.50
MAB	MANILA MNG - B	0	0	0	248,652,645	248,652,645	0.0043	1,069,206.37
MAC	MACROASIA CORP.	0	0	0	89,200	89,200	4.1500	370,180.00
MACA	MACAY HOLDINGS, INC.	0	0	0	60	60	5.7000	342.00
MAH	METRO ALLIANCE HLDGS - A	0	0	0	17,000	17,000	0.4550	7,735.00
MAHB	METRO ALLIANCE HLDGS - B	0	0	0	40,000	40,000	0.5000	20,000.00
MARC	MARC VENTURES HOLDINGS, INC.	0	0	0	42,400	42,400	1.0800	45,792.00
MAXS	MAX'S GROUP, INC.	0	0	0	123,500	123,500	3.2700	403,845.00

**MERCANTILE SECURITIES CORPORATION**  
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 As of December 31, 2023

Customer : ARSENIO C. BALU (C001) - SSS FAO ABRAHAM (SSSPAS)

Date Printed 2/6/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
MB	MLA BULLETIN	0	0	0	809,643	809,643	0.2310	187,027.53
MBT	METROPOLITAN BANK & TRUST CO.	0	0	0	1,089,242	1,089,242	51.3000	55,878,114.60
MC	MARSTEEL CONS. - A	0	0	0	1,050,000	1,050,000	0.0000	0.00
MCB	MARSTEEL CONS. - B	3,250,000	0	0	3,000,000	6,250,000	0.0000	0.00
MED	MEDCO HOLDINGS, INC.	0	0	0	935,000	935,000	0.0860	80,410.00
MEDIC	MEDILINES DISTRIBUTORS INCORPORATEI	0	0	0	9,251,000	9,251,000	0.3300	3,052,830.00
MEG	MEGAWORLD CORPORATION	750	0	70,000	3,916,733	3,987,483	1.9700	7,855,341.51
MER	MERALCO	0	0	0	31,942	31,942	399.0000	12,744,858.00
MFC	MANULIFE FINANCIAL CORPORATION	0	0	0	1,777	1,777	1,130.0000	2,008,010.00
MFIN	MAKATI FINANCE CORPORATION	0	0	0	10,447	10,447	1.9000	19,849.30
MG	MILLENIUM GLOBAL HOLDINGS, INC	0	0	0	2,457,100	2,457,100	0.1010	248,167.10
MGH	METRO GLOBAL HOLDINGS, CORPORATION	3,000	0	0	42,000	45,000	0.0000	0.00
MHC	MABUHAY HOLDINGS-A	0	0	0	3,678,000	3,678,000	0.1120	411,936.00
MI	MARINDUQUE MINING	10,250	0	0	10,250	10,250	0.0000	0.00
MJC	MLA JOCKEY CLUB	0	0	0	40,698	40,698	1.2700	51,686.46
MJIC	MJC INVESTMENTS CORPORATION	0	0	0	17,900	17,900	1.0000	17,900.00
MM	MERRYMART CONSUMER CORP.	0	0	0	260,000	260,000	1.0300	267,800.00
MON	MONDRAGON INTL.	644,720	0	0	644,720	644,720	0.0000	0.00
MONDI	MONDENISSIN CORPORATION	0	0	0	477,700	477,700	8.3800	4,003,126.00
MPI	METRO PACIFIC INVESTMENT CORP.	234	0	0	234	234	0.0000	0.00
MRC	MRC ALLIED IND.	0	0	0	162,200	162,200	1.3000	210,860.00
MREIT	MREIT, INC.	0	0	0	32,000	32,000	12.3000	393,600.00
MRP	MELCO RESORTS AND ENT. CORP.	6,250	0	0	6,250	6,250	0.0000	0.00
MRSKI	METRO RETAIL STORES GROUP, INC.	0	0	0	261,000	261,000	1.2700	331,470.00
MVC	MABUHAY VINYL	0	0	0	8,000	8,000	5.8600	46,880.00
MWC	MANILA WATER COMPANY, INC.	0	0	0	148,500	148,500	18.6000	2,762,100.00
MWIDE	MEGAWIDE CONSTRUCTION CORPORATIOI	0	0	0	450,942	450,942	3.0800	1,388,901.36
MWP5	MEGAWIDE CONSTRUCTION CORPORATIOI	0	0	0	17,000	17,000	101.3000	1,722,100.00
NI	NIHAO MINERAL RESOURCES, INT'L.	0	0	0	66,300	66,300	0.5500	36,465.00
NIKL	NICKEL ASIA CORPORATION	0	0	0	311,390	311,390	5.4800	1,706,417.20
NN	NEGROS NAVIGATION	13,275	0	0	13,275	13,275	0.0000	0.00
NOW	NOW CORPORATION	0	0	0	520,500	520,500	1.1500	598,575.00
NRCP	NATIONAL REINSURANCE CORP.	0	0	0	768,000	768,000	0.3600	276,480.00
NXGEN	NEXT GENESIS CORPORATION	0	0	0	178,400	178,400	0.0000	0.00
OM	OMICO CORPORATION	0	0	0	16,677,000	16,677,000	0.2750	4,586,175.00
OPM	ORIENTAL PET-A	0	0	0	164,744,455	164,744,455	0.0080	1,317,955.64
OPMB	ORIENTAL PET-B	0	0	0	242,453,501	242,453,501	0.0081	1,963,873.36
ORE	ORIENTAL PENINSULA RESOURCES GROUP	0	0	0	925,000	925,000	0.6300	582,750.00
OV	PHILODRILL CORP. A	0	0	0	875,913,359	875,913,359	0.0081	7,094,898.21
PA	PACIFICA HLDGS, INC.	0	0	0	66,500	66,500	1.3800	91,770.00
PAL	PAL HOLDINGS, INC.	0	0	0	228,005	228,005	5.0700	1,155,985.35
PBB	PHILIPPINE BUSINESS BANK	0	0	0	169,607	169,607	8.7000	1,475,580.90

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PBC	PHIL. BANK OF COM.	0	0	0	13,180	13,180	14,1200	186,101.60
PCOR	PETRON CORP.	226	0	0	4,867,738	4,867,964	3,5500	17,281,272.20
PCP	PICOP RESOURCES, INC.	0	0	0	6,343,013	6,343,013	0.0000	0.00
PERC	PETROENERGY RESOURCES CORP.	0	0	0	73,643	73,643	4,9500	364,532.85
PGOLD	PUREGOLD PRICE CLUB, INC.	0	0	0	90,600	90,600	26,9000	2,437,140.00
PHA	PREMIERE HORIZON ALLIANCE CORP	0	0	0	1,450,000	1,450,000	0.1620	234,900.00
PHC	PHILCOMSAT HOLDING CORP.	0	0	0	37,500	37,500	0.0000	0.00
PHES	PHILIPPINE ESTATES CORP.	0	0	0	80,000	80,000	0.3150	25,200.00
PHN	PHINMA CORPORATION	0	0	0	10,036	10,036	20,4000	204,734.40
PHR	PH RESORTS GROUP HOLDINGS INC	0	0	0	492,000	492,000	0.8700	428,040.00
PI	PHIL. IRON	8,437	0	0	0	8,437	0.0000	0.00
PIZZA	SHAKEY'S PIZZA ASIA VENTURES, INC.	0	0	0	5,000	5,000	9,8000	49,000.00
PLC	PREMIUM LEISURE CORPORATION	5,000	0	0	1,789,000	1,794,000	0.6300	1,130,220.00
PLUS	DIGIPLUS INTERACTIVE CORP.	0	0	0	55,897	55,897	8,0000	447,176.00
PMT	PRIMETOWN PROP.	17,000	0	0	0	17,000	0.0000	0.00
PNB	PHIL. NATIONAL BANK	0	0	0	64,473	64,473	18,5000	1,192,750.50
PNC	PHIL. NATL. CONST.	0	0	0	347,000	347,000	0.0000	0.00
PNX	PHOENIX PETROLEUM PHILS., INC.	0	0	0	640,262	640,262	4,9000	3,137,283.80
PNX4	PHOENIX PETROLEUM PHILIPPINES, INC.	0	0	0	1,000	1,000	232,8000	232,800.00
PODCC	PODCC	1,000,000	0	0	0	1,000,000	0.0000	0.00
PPC	PRYCE PROPERTIES-A	0	0	0	237,100	237,100	5,3100	1,259,001.00
PPI	PHILTOWN PROPERTIES, INC.	0	0	0	14,088	14,088	0.0000	0.00
PRC	PHIL. RACING CLUB	0	0	0	1,890,455	1,890,455	6,4000	12,098,912.00
PREIT	PREMIERE ISLAND POWER REIT CORP.	0	0	0	1,276,000	1,276,000	1,5400	1,965,040.00
PRF3A	PETRON CORP. PREFERRED SERIES 3A	0	0	0	800	800	970,0000	776,000.00
PRF3B	PETRON CORP. PREFERRED SERIES 3B	0	0	0	200	200	980,0000	196,000.00
PRIM	PRIME MEDIA HOLDINGS, INC.	0	0	0	60	60	2,8700	172.20
PSB	PHIL. SAVINGS BANK	0	0	0	887	887	53,0000	47,011.00
PSE	PHIL. STOCK EXCHANGE	0	0	0	2,090	2,090	170,0000	355,300.00
PTT	PHIL. TELEGRAPH & TEL. CO.	18,000	0	0	52,344	70,344	0.0000	0.00
PX	PHILEX MNG.	1,268	0	0	3,566,042	3,567,310	3,2100	11,451,065.10
PXP	PXP ENERGY CORPORATION	0	0	0	229,263	229,263	3,9500	905,588.85
RCB	RIZAL COM. BANKING CORP.	0	0	0	27,481	27,481	23,0000	632,063.00
RCI	ROXAS AND COMPANY, INC	0	0	0	325,358	325,358	0.4800	156,171.84
RCR	RL COMMERCIAL REIT, INC	0	0	0	2,136,200	2,136,200	4,8900	10,446,018.00
REDC	REPOWER ENERGY DEVELOPMENT CORP.	0	0	0	10,349,200	10,349,200	7,0000	72,444,400.00
REG	REP. GLASS HOLDINGS CORP.	0	0	0	1,250	1,250	3,0000	3,750.00
RFM	RFM CORPORATION	0	0	0	55,700	55,700	3,0000	167,100.00
RLC	ROBINSON LAND	0	0	0	53,125	53,125	15,9400	846,812.50
RLT	PHIL. REALTY	796	0	0	6,277,661	6,277,657	0.1320	828,650.72
ROCK	ROCKWELL LAND CORP	0	0	0	98,912	98,912	1,4100	139,465.92
ROX	ROXAS HOLDINGS, INC.	0	0	0	31,600	31,600	0,7700	24,332.00

MERCANTILE SECURITIES CORPORATION  
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RPC	REYNOLDS PHILIPPINES CORP.	0	0	0	112,701	112,701	0.0000	0.00
RRHI	ROBINSONS RETAIL HOLDINGS, INC.	0	0	4,000	16,900	20,900	39.6500	828,685.00
RWM	TRAVELLERS INT'L HOTEL GROUP, INC	0	0	0	50,000	50,000	0.0000	0.00
SA	SA	40,000	0	0	0	40,000	0.0000	0.00
SCC	SEMIRARA MINING AND POWER CORP.	0	0	0	239,400	239,400	30.2500	7,241,850.00
SECB	SECURITY BANK CORP.	0	0	0	45,130	45,130	71.5000	3,226,795.00
SEVN	PHILIPPINE SEVEN CORP	0	0	0	300	300	76.2000	22,860.00
SFI	SWIFT FOODS, INC.	7,000	0	0	9,504,935	9,511,935	0.0540	513,644.49
SFIP	SWIFT FOODS, INC.-PREF.	0	0	0	3,602	3,602	1.2800	4,610.56
SGI	SOLID GROUP, INC.	0	0	0	4,000	4,000	0.8900	3,560.00
SGP	SYNERGY GRID & DEV'T PHLS., INC.	0	0	0	109,000	109,000	6.5500	713,950.00
SHLPH	SHELL PILIPINAS CORPORATION	0	0	0	265,700	265,700	10.9400	2,906,758.00
SHNG	SHANG PROPERTIES, INC.	0	0	0	219,385	219,385	3.6700	805,142.95
SLF	SUN LIFE FINANCIAL, INC.	0	0	0	1,089	1,089	2,720.0000	2,962,080.00
SM	SM INVESTMENTS CORPORATION	0	0	0	4,442	4,442	872.0000	3,873,424.00
SMC	SAN MIGUEL CORP.- A	0	0	0	50,147	50,147	102.1000	5,120,008.70
SMPH	SM PRIME HOLDINGS	0	0	0	134,072	134,072	32.9000	4,410,968.80
SOC	SOUTH CHINA RESOURCE INC.	0	0	0	4,326,000	4,326,000	0.3600	1,557,360.00
SPC	SALCON POWER CORPORATION	0	0	0	33,200	33,200	7.0000	232,400.00
SPM	SEAFRONT RESOURCES CORP.	0	0	0	39,706	39,706	1.4100	55,985.46
SPNEC	SP NEW ENERGY CORPORATION	0	0	0	2,036,900	2,036,900	1.3200	2,688,708.00
SSI	SSI GROUP, INC.	0	0	0	1,198,800	1,198,800	2.2700	2,721,276.00
SSP	SFA SEMICON PHILIPPINES, CORP.	0	0	0	120,000	120,000	2.2100	265,200.00
STI	STI EDUCATION SYSTEMS HOLDINGS, INC	0	0	0	120,000	120,000	0.4850	58,200.00
STN	STENIEL MFG. CORP.	45,000	0	0	1,195,250	1,240,250	0.0000	0.00
STR	VISTAMALLS, INC.	0	0	0	19,000	19,000	2.4100	45,790.00
SUN	SUNTRUST HOME DEVELOPERS, INC.	0	0	0	36,900	36,900	0.8500	31,365.00
SWM	SANITARY WARES MANUFACTURING CORI	1,450	0	0	0	1,450	0.0000	0.00
T	TKC METAL CORPORATION	0	0	0	468,000	468,000	0.4150	194,220.00
TBGI	TRANSPACIFIC BROADCAST GROUP INT'L	0	0	0	897,000	897,000	0.1360	121,992.00
TECH	CIRTEK HOLDINGS PHILIPPINES CORPORA	0	0	0	9,124	9,124	1.5900	14,507.16
TEL	PLDT - COMMON	0	0	0	29,101	29,101	1,279.0000	37,220,179.00
TFHI	TOP FRONTIER INVESTMENT HOLDINGS, I	0	0	0	2,758	2,758	101.9000	281,040.20
TUGS	HARBOR STAR SHIPPING SERVICES, INC.	0	0	0	15,000	15,000	0.7600	11,400.00
UBP	UNION BANK OF THE PHIL.	0	0	0	69,417	69,417	50.3500	3,495,145.95
UNI	UNIOIL RESOURCES & HOLDGS. CO., INC	0	0	1,575,234	0	1,575,234	0.0000	0.00
UP	UNIVERSAL RIGHTFIELD PROP. HLDG,INC	180,000	0	0	1,012,000	1,192,000	0.0000	0.00
UP-25%	UNIVERSAL PETROLEUM EXPLORATO, INC	30,000	0	0	0	30,000	0.0000	0.00
UPM	UNITED PARAGON MNG	0	0	0	36,625,000	36,625,000	0.0040	146,500.00
URC	UNIVERSAL ROBINA	0	0	0	3,788	3,788	118.2000	447,741.60
UW	UNIWIDE SALES HOLDING, INC.	5,058,000	0	0	0	5,058,000	0.0000	0.00
V	VANTAGE EQUITIES, INC.	0	0	0	740,624	740,624	0.7700	570,280.48

**MERCANTILE SECURITIES CORPORATION**  
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VITA	VITARICH CORP.	1,000	0	0	136,500	137,500	0.5200	71,500.00
VLL	VISTA LAND & LIFESCAPES, INC.	0	0	0	469,923	469,923	1.6800	789,470.64
VMC	VICTORIAS MILLING	0	0	0	132,722	132,722	3.0100	399,493.22
VREIT	VISTA REIT INC.	0	0	0	1,767,000	1,767,000	1.6700	2,950,890.00
VVT	VIVANT CORPORATION	0	0	0	3,062	3,062	14.3000	43,786.60
WEB	PHILWEB CORPORATION	0	0	0	52,965,882	52,965,882	1.7300	91,630,975.86
WHI	WISE HOLDINGS, INC.-A	2,000	0	0	0	2,000	0.0000	0.00
WIN	WELLEX INDUSTRIES INC - A	400	0	0	3,227,000	3,227,400	0.2300	742,302.00
WLCO	WILCON DEPOT, INC.	0	0	0	14,600	14,600	20.9000	305,140.00
WPI	WATERFRONT PHILS.	0	0	0	149,800	149,800	0.3750	56,175.00
X	XURPAS, INC.	0	0	0	925,100	925,100	0.1910	176,694.10
ZHI	ZEUS HOLDINGS INC.	0	0	0	6,408,000	6,408,000	0.0710	454,968.00
		31,213,682		11,652,934	4,239,812,661	4,282,679,277		1,294,468,785.78
	Number of Shares in Vault	31,213,682						
	Number of Shares in Clearing House	0						
	Number of Shares in Transfer Office	11,652,934						
	Number of Shares in PC D	4,239,812,661						
	Total Number of Shares	4,282,679,277						



**MERCANTILE SECURITIES CORPORATION**

**FINANCIAL SOUNDNESS INDICATORS**

AS OF DECEMBER 31, 2023

Ratio		2023	2022
<b>Current/liquidity ratios</b>			
I	Current ratio	<u>1.41</u>	1.69
	Current assets	68,081,645	58,313,620
	Current liabilities	48,122,784	34,447,143
II	Quick ratio	<u>1.41</u>	1.68
	Quick assets	67,634,205	57,786,296
	Current liabilities	48,122,784	34,447,143
<b>Solvency ratios/debt-to-equity ratios</b>			
III	Solvency	<u>(0.20)</u>	(0.24)
	After tax net profit + non-cash transaction	(10,615,568)	(9,866,040)
	Total liabilities	52,070,571	40,564,551
IV	Debt-to-equity ratio	<u>0.67</u>	0.46
	Total liabilities	52,070,571	40,564,551
	Total equity	78,214,189	88,989,333
<b>Asset-to-equity ratio</b>			
V	Asset-to-equity ratio	<u>1.67</u>	1.46
	Total assets	130,284,760	129,553,884
	Total equity	78,214,189	88,989,333

<b>Ratio</b>		<b>2023</b>	<b>2022</b>
<b>Interest rate coverage ratio</b>			
VI	Interest rate coverage ratio	<u><u>N/A</u></u>	<u><u>N/A</u></u>
	Earnings Before Interest and Tax (EBIT)	<u>(21,926,729)</u>	<u>(9,731,002)</u>
	Interest expense	<u>-</u>	<u>-</u>
<b>Profitability ratios</b>			
VII	Return on Equity (ROE)	<u><u>(20.92)</u></u>	<u><u>(8.69%)</u></u>
	Net profit	<u>(16,360,621)</u>	<u>(7,734,187)</u>
	Total equity	<u>78,214,189</u>	<u>88,989,333</u>
IX	Gross margin	<u><u>(31.12)</u></u>	<u><u>(27.74%)</u></u>
	Gross income (loss)	<u>(2,413,729)</u>	<u>(2,015,498)</u>
	Revenue	<u>7,755,166</u>	<u>7,265,605</u>
X	Net margin	<u><u>(210.96)</u></u>	<u><u>(106.45%)</u></u>
	Net profit	<u>(16,360,261)</u>	<u>(7,734,187)</u>
	Revenue	<u>7,755,166</u>	<u>7,265,605</u>