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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Apex (Philippines) Equities Corporation
Unit 1, 21st Floor Philippine Stock Exchange Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Apex (Philippines) Equities Corporation (a wholly owned subsidiary of Joint Research and Development 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 material accounting policy information.

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 (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 PFRSs, 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, 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 audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 15 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 the management of Apex (Philippines) Equities Corporation. The information has been subjected to the auditing procedures applied in our audit 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.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
Tax Identification No. 164-533-282
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No.08-001998-071-2023, October 23, 2023, valid until October 22, 2026
PTR No.10079992, January 6, 2024, Makati City

April 9, 2024

APEX (PHILIPPINES) EQUITIES CORPORATION
(A Wholly Owned Subsidiary of Joint Research and Development Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31					
	2023			2022		
	Money Balance	Security Valuation Long	Security Valuation Short	Money Balance	Security Valuation Long	Security Valuation Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	**₱16,770,305**			₱19,162,947		
Trade receivables (Note 5):						
Customers	**30,686**	**₱651,776**		2,228	₱325,230	
Clearing house	**–**			11,898		
Financial assets at fair value through profit or loss (FVTPL) (Note 6)	**34,000,000**	**34,000,000**		31,600,000	31,600,000	
Due from parent company (Note 11)	**5,700,522**			5,703,692		
Other current assets	**1,186,041**			931,304		
Total Current Assets	**57,687,554**			57,412,069		
Noncurrent Assets						
Exchange trading right (Note 6)	**8,000,000**			8,000,000		
Property and equipment (Note 7)	**96,064**			55,089		
Total Noncurrent Assets	**8,096,064**			8,055,089		
TOTAL ASSETS	**₱65,783,618**			₱65,467,158		
Securities in Vault and with Philippine Depository and Trust Corporation			**₱423,254,679**			₱458,555,824

(Forward)

	December 31					
	2023			2022		
	Money Balance	**Security Valuation Long**	**Security Valuation Short**	Money Balance	Security Valuation Long	Security Valuation Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Note 9):						
Customers	**₱3,022,790**	**₱388,602,903**		₱4,462,243	₱426,630,594	
Accrued expenses and other payables (Note 9)	**402,732**			240,308		
Total Current Liabilities	**3,425,522**			4,702,551		
Noncurrent Liability						
Retirement benefit obligation (Note 12)	**136,526**			295,113		
Total Liabilities	**3,562,048**			4,997,664		
Equity						
Capital stock - ₱100 Par						
Authorized, issued and outstanding - 1,000,000 common shares	**100,000,000**			100,000,000		
Remeasurement losses on retirement benefit obligation	**(237,672)**			(192,673)		
Deficit	**(37,540,758)**			(39,337,833)		
Total Equity	**62,221,570**			60,469,494		
TOTAL LIABILITIES AND EQUITY	**₱65,783,618**	**₱423,254,679**	**₱423,254,679**	₱65,467,158	₱458,555,824	₱458,555,824

See accompanying Notes to Financial Statements.

APEX (PHILIPPINES) EQUITIES CORPORATION
(A Wholly Owned Subsidiary of Joint Research and Development Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
INCOME (LOSS)		
Commissions	**₱264,679**	₱711,079
Other income:		
Unrealized gain (loss) on financial assets at FVTPL and exchange trading right (Note 6)	**2,400,000**	(11,900,000)
Dividend (Note 6)	**2,000,000**	2,200,000
Interest (Note 4)	**308,782**	87,778
Others	**1,527**	1,628
	4,974,988	(8,899,515)
COSTS AND EXPENSES		
Employee-related (Note 10)	**2,110,627**	2,057,929
Dues and subscriptions	**454,451**	350,788
Rent and utilities	**278,160**	252,891
Insurance	**89,557**	91,330
Professional fees	**82,835**	245,141
Entertainment, amusement and recreation	**38,385**	10,795
Depreciation (Note 7)	**32,686**	1,290
Taxes and licenses	**30,288**	36,269
Communications	**29,113**	27,185
Printing and stationery	**17,329**	8,005
Transportation and travel	**5,022**	10,979
Trainings and seminars	**3,597**	10,071
Others	**5,863**	29,009
	3,177,913	3,131,682
NET INCOME (LOSS)	**1,797,075**	(12,031,197)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Remeasurement losses on defined benefit obligation (Note 12)	**(44,999)**	(216,367)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱1,752,076**	(₱12,247,564)

See accompanying Notes to Financial Statements.

APEX (PHILIPPINES) EQUITIES CORPORATION
(A Wholly Owned Subsidiary of Joint Research and Development Corporation)

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

	Capital Stock	Deficit	Remeasurement Gain (Loss) on Retirement Benefit Obligation	Total
Balances at January 1, 2022	₱100,000,000	(₱27,306,636)	₱23,694	₱72,717,058
Net loss	–	(12,031,197)	–	(12,031,197)
Other comprehensive loss	–	–	(216,367)	(216,367)
Total comprehensive loss	–	(12,031,197)	(216,367)	(12,247,564)
Balances at December 31, 2022	100,000,000	(39,337,833)	(192,673)	60,469,494
Net income	–	1,797,075	–	1,797,075
Other comprehensive loss	–	–	(44,999)	(44,999)
Total comprehensive income (loss)	–	1,797,075	(44,999)	1,752,076
Balances at December 31, 2023	**₱100,000,000**	**(₱37,540,758)**	**(₱237,672)**	**₱62,221,570**

See accompanying Notes to Financial Statements.

APEX (PHILIPPINES) EQUITIES CORPORATION

(A Wholly Owned Subsidiary of Joint Research and Development Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**₱1,797,075**	(₱12,031,197)
Adjustments for:		
Depreciation (Note 7)	**32,686**	1,290
Unrealized (gain) loss on financial assets at FVTPL (Note 6)	**(2,400,000)**	11,400,000
Dividend income (Note 6)	**(2,000,000)**	(2,200,000)
Interest income (Note 4)	**(308,782)**	(87,778)
Retirement benefit expense (Note 12)	**91,527**	78,746
Unrealized loss on exchange trading right (Note 6)	**–**	500,000
Operating income before working capital changes	**(2,787,494)**	(2,338,939)
Increase in:		
Trade receivables	**(13,390)**	(11,857)
Other current assets	**(228,130)**	(151,614)
Increase (decrease) in:		
Trade payables	**(1,439,453)**	2,590,793
Accrued expenses and other payables	**162,424**	1,930
Net cash generated from (used in) operations	**(4,306,043)**	90,313
Interest received	**282,175**	107,183
Dividends received (Note 6)	**2,000,000**	2,200,000
Contributions paid	**(295,113)**	(312,059)
Net cash flows from (used in) operating activities	**(2,318,981)**	2,085,437
CASH FLOWS FROM AN INVESTING ACTIVITY		
Additions to property and equipment (Note 7)	**(73,661)**	(55,089)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,392,642)**	2,030,348
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**19,162,947**	17,132,599
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱16,770,305**	₱19,162,947

See accompanying Notes to Financial Statements.

1. Corporate Information

Apex (Philippines) Equities Corporation (the Company) was incorporated in the Philippines on November 21, 1996 to be a member of the Philippine Stock Exchange (PSE), to carry on and maintain the business of stock brokerage and act as a dealer of securities. The Company is both a stockholder and a holder of trading right in the PSE. The Company is a wholly owned subsidiary of Joint Research and Development Corporation (JRDC).

The Company's registered office address is Unit 1, 21st Floor Philippine Stock Exchange Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City.

The Company's financial statements as of and for the years ended December 31, 2023 and 2022 were approved and authorized for issue by the Board of Directors (BOD) on April 9, 2024.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost basis except for financial assets at FVTPL, which have been measured at fair value. The financial statements are presented in Philippine peso (₱), which is the Company's functional currency.

Statement of Compliance
The financial statements have been prepared in compliance with the applicable implementing rules and regulation set forth by the Securities Regulations Code (SRC) and in accordance with Philippine Financial Reporting Standards (PFRSs) except for the use of closing prices for the valuation of equity securities as approved by the SRC. PFRSs requires the use of exit prices for valuation of equity securities held.

The Company qualifies to report under PFRS for Small Entities. However, it availed of the exception granted by the Philippine SEC on the basis that the Company is a wholly owned subsidiary of JRDC, which reports under full PFRSs.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amended standards effective starting January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these amendments did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Company classifies all other liabilities as noncurrent.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as financial assets at amortized cost, fair value through other comprehensive income (FVOCI) and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at its transaction price.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting

contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent SPPI on the principal amount outstanding.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

Business Model
The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument.

The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortized Cost
The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's debt financial assets consist of "Cash and cash equivalents, "Trade receivables" and "Due from parent company". The Company assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Company concluded these debt financial assets to be measured at amortized cost.

Financial Assets at FVTPL
Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets may be designated as financial assets at FVTPL on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis;
- The liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Changes in fair value are recorded in "Unrealized gain (loss) on financial assets at FVTPL and exchange trading right" account in the statement of comprehensive income. Interest and dividend earned are recorded in "Interest income" and "Dividend income" accounts, respectively, in the statement of comprehensive income according to the terms of the contract, or when the right of the payment has been established.

This accounting policy applies primarily to the Company's investment in PSE shares described as "Financial assets at FVTPL" in the statement of financial position.

Reclassifications of Financial Assets
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at FVTPL.

Impairment of Financial Assets
The Company applied the expected credit loss (ECL) model on the impairment of the following debt instruments financial assets not measured at FVTPL:

- those that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

ECL calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Amount of ECL to be recognized 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, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The following stages are applicable to those financial assets being assessed for ECL depending on its credit quality:

Stage 1: 12-month
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Determining the Stage for Impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as credit quality deteriorates. If, in a subsequent period, credit quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The Company performs an assessment whether its financial asset is in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities
Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes "Trade payables" and "Accrued expenses and other payables".

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Classification of financial liabilities
Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at FVTPL;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- If a host contract contains one or more embedded derivatives; or
- If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis is in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in a fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

<u>Determination of Fair Value</u>
Certain assets and liabilities are required to be measured or disclosed 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:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a 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.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2023 and 2022, the Company has financial assets at FVTPL which are measured at fair value on a recurring basis. For the financial assets at FVTPL, the Company determines whether transfer has occurred between levels in the hierarchy by re-assessing categorization (based on lowest level input that is significant to the fair value measurement as a whole) at the end of the 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.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash includes cash in bank, which earns interest at the bank deposit rate. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and are subject to an insignificant risk of change in value.

Exchange Trading Right
Exchange trading right is a result of a PSE conversion plan, as discussed in Note 6 to the financial statements, to preserve access of the Company to the trading facilities and to continue to transact business at 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. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Company's exchange trading right is a nontransferable right.

Exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares as discussed in Note 6 to the financial statements) less allowance for impairment loss.

The trading right is tested annually for any impairment loss which is taken up as a charge against current operations.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Impairment of Nonfinancial Assets

Exchange trading right

Exchange trading rights are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The exchange trading rights are deemed to have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company.

The Management's impairment test for the exchange trading rights includes determining its recoverable amount that is based on fair value less costs to sell.

Retirement Benefits

The Company has a nonfunded, noncontributory retirement benefit plan covering all regular employees. Retirement benefit expense is actuarially determined using the projected unit credit method and incorporates assumptions concerning employee's projected salaries. The retirement benefit expense is recognized during the employees' period of service and discounted using the market yields on government bonds. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income or loss in the period in which they arise and forms part of the "Deficit" account.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Capital Stock

The Company has issued shares of stock that is classified as equity. Incremental costs directly attributable to the issue of new shares of stock are shown in equity as part of "Deficit", net of tax, from the proceeds.

Deficit

Deficit include accumulated profits and losses attributable to the Company's stockholders. Deficit may also include effect of changes in accounting policy as may be required by the transitional provisions of new and amended standards.

Securities Valuation

Securities are valued using the latest closing price at the end of the year for securities with trading transactions at the stock exchanges, or in the absence thereof, the latest bid or asked price.

Securities Transactions

Securities transactions are recorded on a transaction date basis.

Revenue Recognition

Revenue is recognized when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. The Company has concluded that it is acting as an agent in its brokerage transactions.

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

Commission Income

Commission income is recorded on a trade-date basis as securities transactions occur, which is normally upon acceptance of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction whichever is higher.

Dividend Income

Dividend income is recognized when the Company's right to receive payment is established, which is generally when shareholders approve the declaration of dividend.

Interest Income
Interest income is recognized as it accrues taking into account the effective yield of the asset.

Other Income
Other income is recognized when earned.

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

Income Taxes
Current Income Tax
Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized in the future.

The carrying amount of deferred income 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 income tax assets to be utilized in the future. Unrecognized deferred income 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 income tax assets to be recovered.

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

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense in profit or loss.

Where the Company expects all provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed 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 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 period (adjusting events), if any, 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.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

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*

3. Significant Accounting Judgment, Estimates and Assumptions

The Company's financial statements prepared in accordance with PFRSs require management to make judgment, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgment, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates.

Judgment, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under circumstances. The following items are those matters which the Company assess to have significant risk arising from estimation uncertainties.

Estimates and Assumptions
Impairment of Financial Assets at Amortized Cost
The calculation is initially based on the Company's historical observed default rates. The Company will calibrate the calculation to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

The Company provides full valuation allowance for unsecured receivables which are not settled within the expected settlement date. The carrying amount of trade receivables and due from parent company, net of any allowance for ECL, is ₱5,731,208 and ₱5,717,818 in 2023 and 2022, respectively (see Notes 5 and 11).

Determining Useful Life of the Exchange Trading Right
The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Company. It has also been granted by the PSE for use by the Company in its trading business for an indefinite period of time.

Estimating Impairment of Exchange Trading Right
The exchange trading right is assessed to have an indefinite useful life, and as such, is tested for impairment annually and more frequently when impairment indicators exist. An impairment loss is recognized whenever the carrying amount of the exchange trading right exceeds its recoverable amount.

The recoverable amount of the exchange trading right is determined based on fair value less costs to sell which is dependent on its net selling price. The exchange trading right is carried at ₱8,000,000 in 2023 and 2022, and net of allowance for impairment losses of ₱30,900,000 as of December 31, 2023 and 2022 (see Note 6).

Estimating Retirement Benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The determination of the Company's retirement benefit obligation and expense is dependent on the Company's selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 12 to the financial statements. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's retirement benefit obligation.

Retirement benefit expense recognized in the statements of comprehensive income amounted to ₱91,527 and ₱78,746 in 2023 and 2022, respectively. The Company recognized remeasurement losses on retirement benefit obligation amounting ₱44,999 and ₱216,367 in 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company's retirement benefit obligation amounted to ₱136,526 and ₱295,113, respectively (see Note 12).

Estimating Realizability of Deferred Income Tax Assets
The Company reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future. Significant management judgment is required to determine the amount of deferred income tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Company did not recognize deferred income tax assets on temporary deductible differences and the Company has carryforward benefit of unused NOLCO totaling to ₱53,530,471 and ₱53,010,503 as at December 31, 2023 and 2022, respectively, as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized in the future (see Note 13).

4. Cash and Cash Equivalents

	2023	2022
Cash on hand	**₱5,000**	₱5,000
Cash in banks	**3,274,605**	5,946,804
Cash in banks - reserve bank accounts	**7,018,344**	7,015,466
Cash equivalents	**6,472,356**	6,195,677
	₱16,770,305	₱19,162,947

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments made for varying periods up to three (3) months depending on the Company's immediate cash requirement and earn interest at the prevailing short-term deposit rates ranging from 5.25% to 6.10% in 2023 and 0.50% to 5.00% in 2022.

Interest income from cash and cash equivalents amounted to ₱308,782 and ₱87,778 in 2023 and 2022, respectively. Accrued interest recognized by the Company amounted to ₱44,297 and ₱17,690 as of December 31, 2023 and 2022, respectively.

In compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for the exclusive benefit of its customers amounting to ₱7,018,344 and ₱7,015,466 as of December 31, 2023 and 2022, respectively. The Company's reserve requirement is determined monthly based on the Philippine Securities and Exchange Commission (SEC) prescribed computations. As of December 31, 2023 and 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

5. Trade Receivables

Receivable from customers
This account consists of receivable from customers due within one year:

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Accounts secured over 250%	**₱30,641**	**₱651,680**	₱2,181	₱325,230
Accounts secured 150%-200%	**45**	**96**	47	–
Unsecured accounts	**2,135**	**–**	2,135	–
	32,821	**651,776**	4,363	325,230
Less allowance for ECL	**2,135**	**–**	2,135	–
	₱30,686	**₱651,776**	₱2,228	₱325,230

Receivable from customers have no specific credit terms but customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls down this level, customers may either deposit additional collateral or sell stocks to cover their account balance. The receivable balances become demandable upon failure of the customer to duly comply with these requirements. Except for the ₱2,135 receivable from customers as of December 31, 2023 and 2022, all receivable from customers are neither past due nor impaired and are fully covered by collateral.

Receivable from clearing house
Per PSE revised policy, effective August 24, 2023, all stock transactions, whether buying or selling are settled two trading days after the transaction date, a change from the previous settlement period of three trading days. As of December 31, 2023 and 2022, receivable from clearing house amounted to nil and ₱11,898, respectively.

6. Financial Assets at FVTPL and Exchange Trading Right

The carrying values of the Company's investment in PSE shares and exchange trading right are as follows:

	2023	2022
Financial assets at FVTPL - PSE shares	**₱34,000,000**	₱31,600,000
Exchange trading right - net of allowance for impairment loss of ₱30,900,000 in 2023 and 2022	**8,000,000**	8,000,000

Movements in the carrying values of the Company's investment in PSE shares are as follows:

	2023	2022
Balances at beginning of year	**₱31,600,000**	₱43,000,000
Unrealized gain (loss) from fair value changes	**2,400,000**	(11,400,000)
Balances at end of year	**₱34,000,000**	₱31,600,000

PSE Shares
As of December 31, 2023 and 2022, the Company holds 200,000 PSE shares. The market value of the PSE shares is quoted at ₱170.00 per share and ₱158.00 per share as of December 31, 2023 and 2022, respectively. The movement in cumulative unrealized losses on financial assets at FVTPL is as follows:

	2023	2022
Balances at beginning of year	**(₱16,400,000)**	(₱5,000,000)
Unrealized gain (loss) from fair value changes	**2,400,000**	(11,400,000)
Balances at end of year	**(₱14,000,000)**	(₱16,400,000)

Dividend income in 2023 and 2022 are ₱2,000,000 and ₱2,200,000, respectively.

Exchange Trading Rights
The Company's impairment test for the exchange trading rights includes determining the recoverable amount that is based on fair value less costs to sell. The Company's right is nontransferable and has an indefinite useful life.

In 2023, the carrying value of the exchange trading right was determined to be lower than its recoverable amount, accordingly, no impairment loss has been recognized. In 2022, an impairment loss amounting to ₱500,000 was recognized.

The following sets out the movement of allowance for impairment losses on exchange trading right:

	2023	2022
Balances at beginning of year	**₱30,900,000**	₱30,400,000
Provision	–	500,000
Balances at end of year	**₱30,900,000**	₱30,900,000

7. Property and Equipment

2023

	Computer Equipment	**Furniture and Fixtures**	**Total**
Cost:			
Balances at beginning of year	**₱222,526**	**₱35,840**	**₱258,366**
Additions	**73,661**	**–**	**73,661**
Balances at end of year	**296,187**	**35,840**	**332,027**
Accumulated depreciation:			
Balances at beginning of year	**167,437**	**35,840**	**203,277**
Depreciation	**32,686**	**–**	**32,686**
Balances at end of year	**200,123**	**35,840**	**235,963**
Net book values	**₱96,064**	**₱–**	**₱96,064**

2022

	Computer Equipment	Furniture and Fixtures	Total
Cost:			
Balances at beginning of year	₱167,437	₱35,840	₱203,277
Additions	55,089	–	55,089
Balances at end of year	222,526	35,840	₱258,366
Accumulated depreciation:			
Balances at beginning of year	167,437	34,550	201,987
Depreciation	–	1,290	1,290
Balances at end of year	167,437	35,840	203,277
Net book values	₱55,089	₱–	₱55,089

The cost of fully depreciated property and equipment that are still used in the Company's operations amounted to ₱203,277 as of December 31, 2023 and 2022.

8. Computer Software

	2023	2022
Cost	**₱401,786**	₱401,786
Accumulated amortization	**401,786**	401,786
Net book value	**₱–**	₱–

The computer software is still being used in the Company's operations as of December 31, 2023 and 2022.

9. Trade Payables and Accrued Expenses and Other Payables

Trade payables
Trade payables are amounts due to customers arising from brokerage services rendered, including the value of securities sold in behalf of customers. Payable to customers are noninterest-bearing and are due within one year.

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
With money balances	**₱3,022,790**	**₱105,868,641**	₱4,462,243	₱314,279,981
No money balances	**–**	**282,734,262**	–	112,350,613
	₱3,022,790	**₱388,602,903**	₱4,462,243	₱426,630,594

Per PSE revised policy, effective August 24, 2023, all stock transactions, whether buying or selling are settled two trading days after the transaction date, a change from the previous settlement period of three trading days. Payable to clearing house amounted to nil as of December 31, 2023 and 2022.

Accrued expenses and other payables
Accrued expenses and other payables include accruals for utilities, various office expenses, statutory payables and others. As of December 31, 2023 and 2022, the accrued and other payables amounted to ₱402,732 and ₱240,308, respectively.

10. Employee-related Expenses

	2023	2022
Salaries, wages and allowances	**₱1,764,291**	₱1,756,415
Retirement benefits (see Note 12)	**91,527**	78,746
Other employee benefits	**254,809**	222,768
	₱2,110,627	₱2,057,929

11. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is changed. Parties are considered to be related if one party has the ability to control, directly or indirectly, 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 or common significant influence. Related parties may be individual or corporate entities. The Company's related party transactions in the ordinary course of business are as follows:

a. The following are the Company's payments on behalf of JRDC:

Due from parent company

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Conditions
Parent:						
JRDC	**₱–**	**₱5,700,522**	₱–	₱5,703,692	Due and demandable; noninterest-bearing; to be received in cash	Unsecured; unimpaired

b. Easycall Communication Philippines, Inc. (ECPI) provide software subscription services to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to a related party:						
ECPI	**₱145,178**	**₱79,385**	₱71,518	₱–	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under "Accrued expenses and other payables" in the statements of financial position.

c. Transnational E-Business Solutions, Inc. (TESI) provide consulting services to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to a related party:						
TESI	**₱42,000**	**₱–**	₱97,089	₱61,700	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under "Accrued expenses and other payables" in the statements of financial position.

d. Wellcare Health Maintenance, Inc. (WHMI) and MCP Insurance Management and Agency, Inc. (MIMA) provide insurance services to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to related parties:						
WHMI	**₱41,400**	**₱–**	₱40,200	₱660	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
MIMA	**180**	**67**	160	11	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
	₱41,580	**₱67**	₱40,360	₱671		

The outstanding balance is lodged under "Accrued expenses and other payables" in the statements of financial position.

e. Transnational Diversified Group, Inc. (TDGI) provide corporate events services to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to a related party:						
TDGI	**₱6,472**	**₱4,666**	₱–	₱–	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under "Accrued expenses and other payables" in the statements of financial position.

f. Kamraz Agriculture, Inc. (KAI) provides agricultural products to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to a related party						
KAI	**₱3,000**	**₱3,000**	₱6,113	₱–	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under “Accrued expenses and other payables” in the statements of financial position.

g. MarCoPay Inc. (MCP) provides website domain services to the Company as follows:

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due to a related party						
MCP	**₱–**	**₱–**	₱6,113	₱–	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under “Accrued expenses and other payables” in the statements of financial position.

h. The Company leases its office space from JRDC. The lease agreement shall be for a term of one (1) year and will continue unless terminated by either party:

Due to parent company

	2023		2022			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Parent:						
JRDC	**₱278,161**	**₱–**	**₱252,891**	**₱–**	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured

The outstanding balance is lodged under “Accrued expenses and other payables” in the statements of financial position.

i. The Company has no key management personnel since the administrative activities, such as legal, internal audit, corporate planning and other corporate costs, are being handled by TDGI, a subsidiary of Transnational Diversified Corporation.

j. The Company participates in the Transnational Diversified Group of Companies Retirement Plan (the Group Plan; see Note 12).

12. **Retirement Benefit Plan**

The Company participates in the Group Plan, a funded, noncontributory defined benefit retirement plan covering substantially all regular employees of the participating companies. Benefits are based on certain percentage of the final monthly basic salary for every year of credited service of the employees. The annual contribution to be paid by the participating companies to the Group Plan is based on the unfunded actuarial liability computed individually for each participating company. The funds are administered by the Retirement Committee appointed by the BOD of the participating companies. The Retirement Committee is responsible for the investing decisions of the Plan and defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants.

Under the existing regulatory framework, Republic Act No. 7641, otherwise known as *the Retirement Pay Law,* requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Movements in retirement benefit obligation recognized in the statements of financial position are as follows:

2023

		Retirement Benefit Expense in Profit or Loss				**Remeasurement Losses (Gains) in Other Comprehensive Income**						
	January 1, 2023	**Current Service Cost**	**Past Service Cost**	**Net Interest Cost**	**Subtotal**	**Return on Plan Assets (excluding amount included in net interest)**	**Actuarial Changes Arising From Changes in Financial Assumptions**	**Changes in demographic Assumptions**	**Experience Adjustments**	**Subtotal**	**Contributions**	**December 31, 2023**
Present value of defined benefit obligation	**₱1,184,800**	**₱71,134**	**₱–**	**₱81,870**	**₱153,004**	**₱–**	**(₱5,701)**	**₱–**	**₱–**	**(₱5,701)**	**₱–**	**₱1,332,103**
Fair value of plan assets	**(889,687)**	**–**	**–**	**(61,477)**	**(61,477)**	**–**	**50,700**			**50,700**	**(295,113)**	**(1,195,577)**
Retirement benefit obligation	**₱ 295,113**	**₱71,134**	**₱–**	**₱20,393**	**₱91,527**	**₱–**	**₱44,999**	**₱–**	**₱–**	**₱44,999**	**(₱295,113)**	**₱136,526**

2022

		Retirement Benefit Expense in Profit or Loss				Remeasurement Losses (Gains) in Other Comprehensive Income						
	January 1, 2022	Current Service Cost	Past Service Cost	Net Interest Cost	Subtotal	Return on Plan Assets (excluding amount included in net interest)	Actuarial Changes Arising From Changes in Financial Assumptions	Changes in demographic Assumptions	Experience Adjustments	Subtotal	Contributions	December 31, 2022
Present value of defined benefit obligation	₱915,770	₱63,923	₱–	₱43,499	₱107,422	₱–	(₱39,444)	₱–	₱201,052	₱161,608	₱–	₱1,184,800
Fair value of plan assets	(603,711)	–	–	(28,676)	(28,676)	54,759	–	–	–	54,759	(312,059)	(889,687)
Retirement benefit obligation	₱312,059	₱63,923	₱–	₱14,823	₱78,746	₱54,759	(₱39,444)	₱–	₱201,052	₱216,367	(₱312,059)	₱295,113

The major categories of the Group Plan's assets as a percentage of the fair value of the total plan assets are as follows:

	2023	2022
Cash and cash equivalents	**60%**	57%
Equity instruments	**15%**	17%
Other investments	**25%**	26%

The Group Plan's assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Equity instruments, which includes listed shares of stock; and
- Other investments, which includes investment in funds.

The principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

	2023	2022
Discount rate	**6.00%**	6.91%
Future wage and salary rate increases	**3.00%**	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation, assuming all other assumptions were held constant:

		Increase (Decrease)	
	Basis Points	**2023**	2022
Discount rate	+100	**(₱19,282)**	(₱11,962)
	-100	**24,852**	15,513
Future wage and salary rate increases	+100	**₱24,564**	₱15,494
	-100	**(19,422)**	(12,148)

The Retirement Committee reviews the performance of the Group Plan on a regular basis. It assesses whether the Group Plan will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Group also reviews the solvency position of the different member companies on an annual basis and estimates, through the actuary, the expected contribution to the Group Plan in the subsequent year.

The Company expected to contribute ₱152,647 to the retirement fund in year 2024.

The average duration of the defined benefit obligation as of December 31, 2023 and 2022 are 11.00 years and 10.00 years, respectively.

The maturity analysis of the undiscounted benefit payments is as follows:

	2023	2022
More than 1 year but less than 5 years	**₱628,257**	₱657,391
More than 15 years but less than 20 years	**1,888,760**	1,945,384
More than 20 years	**7,549,159**	7,775,477
	₱10,066,176	₱10,378,252

13. **Income Taxes**

The Company has no provision for income tax in 2023 and 2022 because it reported net taxable loss position for both years.

The reconciliation of benefit from income tax computed at statutory income tax rate to provision for income tax is as follows:

	2023	2022
Provision for (benefit from) income tax at statutory tax rate of 20%	**₱359,415**	(₱2,406,239)
Additions to (reductions in) income tax resulting from:		
Changes in unrecognized deferred income tax assets	**94,993**	2,863,058
Nondeductible expenses	**7,348**	737
Dividend income exempt from income tax	**(400,000)**	(440,000)
Interest income subjected to final tax	**(61,756)**	(17,556)
	₱–	₱–

The Company did not recognize deferred income tax assets on the following as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized in the future.

	2023	2022
Allowances for impairment losses on:		
Exchange trading right	**₱30,900,000**	₱30,900,000
Receivable from customers	**2,135**	2,135
Unrealized losses on financial assets at FVTPL	**14,000,000**	16,400,000
NOLCO	**8,491,810**	5,413,255
Retirement benefit obligation	**136,526**	295,113
	₱53,530,471	₱53,010,503

he Company's unused NOLCO that can be claimed as deduction from future taxable income is as follows:

Year of recognition	Availment Period	Balance as of December 31, 2022	Additions	Applied	Expired	Balance as of December 31, 2023
2023	2024-2026	₱–	₱3,078,555	₱–	₱–	₱3,078,555
2022	2023-2025	2,648,604	–	–	–	2,648,604
2021	2022-2026	1,110,164	–	–	–	1,110,164
2020	2021-2025	1,654,487	–	–	–	1,654,487
		₱5,413,255	₱3,078,555	₱–	₱–	₱8,491,810

Bayanihan to Recover As One Act (Bayanihan 2)

On September 20, 2020 the Bureau of Internal Revenue issued Revenue Regulations (RR) No. 25-2020 implementing Section 4(b) of "Bayanihan To Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Company has unused NOLCO incurred in taxable years 2021 and 2020 which can be claimed as deduction against the taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan 2, as follows:

Year of recognition	Availment Period	Balance as at December 31, 2022	Additions	Applied	Expired	Balance as at December 31, 2023
2021	2022-2026	₱1,110,164	₱–	₱–	₱–	₱1,110,164
2020	2021-2025	1,654,487	–	–	–	1,654,487
		₱2,764,651	₱–	₱–	₱–	₱2,764,651

14. Financial Risk Management Objectives and Policies

The Company's financial instruments are cash and cash equivalents, trade receivables, financial assets at FVTPL, due from parent company, trade payables and accrued expenses and other payables.

The carrying values of the Company's financial assets and liabilities per category are as follows:

	2023		
	Financial Assets at Amortized Cost	**Financial Assets at FVTPL**	**Loans and Borrowings**
Cash and cash equivalents	**₱16,770,305**	**₱–**	**₱–**
Trade receivables	**30,686**	**–**	**–**
Financial assets at FVTPL	**–**	**34,000,000**	**–**
Due from parent company	**5,700,522**	**–**	**–**
Trade payables	**–**	**–**	**3,022,790**
Accrued expense and other payables*	**–**	**–**	**352,200**
	₱22,501,513	**₱34,000,000**	**₱3,374,990**

**Excluding statutory liabilities*

	2022		
	Financial Assets at Amortized Cost	Financial Assets at FVTPL	Loans and Borrowings
Cash and cash equivalents	₱19,162,947	₱–	₱–
Trade receivables	14,126	–	–
Financial assets at FVTPL	–	31,600,000	–
Due from parent company	5,703,692	–	–
Trade payables	–	–	4,462,243
Accrued expense and other payables*	–	–	205,113
	₱24,880,765	₱31,600,000	₱4,667,356

**Excluding statutory liabilities*

The BOD has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's financial risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Financial risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and equity price risk. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's cash and cash equivalents, trade receivable and due from parent company. The Company's exposure to credit risk arising from cash and cash equivalents, trade receivable and due from parent company arises from default of counterparties, with a maximum exposure equal to the carrying amount of these financial assets. Credit risk from cash is mitigated by transacting only with reputable banks duly approved by management.

As of December 31, 2023 and 2022, the Company evaluated its cash in banks as high-quality financial assets and at Stage 1, 12-month ECL as these are deposits made with reputable banks. On the other hand, the Company assessed that its debtor has good credit standing and receivables are collectible.

As of December 31, 2023 and 2022, other than the receivables which have been set up with ECL, there are no significant past due or impaired trade receivables and due from parent company.

The Company recognized ECL amounting to ₱2,135 in 2023 and 2022. This is in compliance with SRC 52.1.11 which states that receivables without collateral exceeding T+31 days and up should recognized an allowance for impairment amounting to 100% of the value.

Liquidity Risk
The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

2023

	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 12 Months**	**Total**
Financial assets:					
Cash and cash equivalents	**₱10,297,949**	**₱6,472,356**	**₱–**	**₱–**	**₱16,770,305**
Trade receivables	**30,686**	**–**	**–**	**–**	**30,686**
	10,328,635	**6,472,356**	**–**	**–**	**16,800,991**
Financial liabilities:					
Trade payables	**3,022,790**	**–**	**–**	**–**	**3,022,790**
Accrued expenses and other payables*	**352,200**	**–**	**–**	**–**	**352,200**
	3,374,990	**–**	**–**	**–**	**3,374,990**
Net financial assets	**₱6,953,645**	**₱6,472,356**	**₱–**	**₱–**	**₱13,426,001**

**Excluding statutory liabilities*

2022

	On Demand	Less than 3 Months	3 to 12 Months	More than 12 Months	Total
Financial assets:					
Cash and cash equivalents	₱12,967,270	₱6,195,677	₱–	₱–	₱19,162,947
Trade receivables	14,126	–	–	–	14,126
	12,981,396	6,195,677	–	–	19,177,073
Financial liabilities:					
Trade payables	4,462,243	–	–	–	4,462,243
Accrued expenses and other payables*	205,113	–	–	–	205,113
	4,667,356	–	–	–	4,667,356
Net financial assets	₱8,314,040	₱6,195,677	₱–	₱–	₱14,509,717

**Excluding statutory liabilities*

Based on the Company's assessment, the carrying amounts of its cash and cash equivalents, trade receivables and due from parent as of December 31, 2023 and 2022 are readily available for liquidity purposes. The Company's trade payables and accrued expenses and other payables as of December 31, 2023 and 2022 are due and demandable.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Company's exposure to equity price risk relates primarily to its financial assets at FVTPL.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine impact on its financial position.

The effect in profit or loss as a result of change in fair value of financial assets at FVTPL due to reasonably possible change in equity indices, with all other variables held constant is as follows:

	Change in equity price	
	+25%	-25%
Increase (decrease) in net loss before income tax:		
2023	**₱8,500,000**	**(₱8,500,000)**
2022	₱7,900,000	(₱7,900,000)

Fair Value of Financial Instruments
The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade receivables, Due from Parent Company, Trade Payables and Accrued Expenses and Other Payables
The carrying amounts of cash and cash equivalents, trade receivables, due from parent company, trade payables and accrued expenses and other payables approximate their fair values due to the short-term maturities of these financial instruments.

Financial Assets at FVTPL
The fair value of financial assets at FVTPL is estimated by reference to their closing quoted market price at the reporting date. Financial assets at FVTPL are measured at fair value using Level 1 valuation technique. During the years ended December 31, 2023 and 2022, there were no transfers among Levels 1, 2 and 3 of fair value measurements.

Capital Risk Management
The Company considers the equity presented on its statements of financial position as its core capital. The primary objective of the Company's capital risk management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business, minimize its deficit and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

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 dealers as follows:

(a) to allow a net capital of ₱5,000,000 or 5% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the Philippine SEC to set a different net capital requirement for those authorized to use the Risk-Based Capital Adequacy (RBCA) model, and (c) to require unimpaired paid-up capital of ₱100,000,000 for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10,000,000 plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2,500,000 or broker dealers dealing only in proprietary shares and not holding securities.

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

The Company being a registered broker in securities is subject to the stringent rules of the Philippine SEC and other regulatory agencies with respect to the maintenance of specific levels of RBCA ratios. RBCA is a ratio that compares the broker or dealer's total measured risk to its liquid capital. As a rule, the Company must maintain an RBCA ratio of at least 110% and a net liquid capital (NLC) of at least ₱5,000,000 or five percent (5%) of its aggregate indebtedness, whichever is higher. Also, the Aggregate Indebtedness of every stockbroker should not exceed two thousand percent (2,000%) of its NLC. In the event that the minimum RBCA ratio of 110% or the minimum NLC is breached, the Company shall immediately cease doing business as a broker and shall notify the PSE and the Philippine SEC. As of December 31, 2023 and 2022, the Company is compliant with the foregoing requirements.

The RBCA ratio of the Company as of December 31, 2023 and 2022 are as follows:

	2023	2022
Equity eligible for net liquid capital	**₱62,221,570**	₱60,469,494
Less ineligible assets	**14,938,330**	14,747,141
NLC	**₱47,283,240**	₱45,722,353
Position risk	**₱11,900,000**	₱11,060,000
Operational risk	**494,274**	479,873
Large exposure risk	**9,785,143**	8,522,476
Total Risk Capital Requirement	**₱22,179,417**	₱20,062,349
Aggregate Indebtedness	**₱3,562,048**	₱4,997,664
5% of Aggregate Indebtedness	**₱178,102**	₱249,883
Required NLC	**₱5,000,000**	₱5,000,000
Net Risk-Based Capital Excess	**₱42,283,240**	₱40,722,353
Ratio of Aggregate Indebtedness to NLC	**8%**	11%
RBCA ratio	**213%**	228%

The following are the definition of terms used in the RBCA ratio computation.

Ineligible Assets
These pertain to fixed assets and assets which cannot be readily converted to cash.

Position Risk Requirement
The amount necessary to accommodate a given level of position risk which is the risk a broker dealer is exposed to arising from securities held by it as a principal or in its proprietary or dealer account.

Operational Risk Requirement
The amount required to cover a level of operational risk, which is the exposure associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Large Exposure Risk (LER) Requirement
These amounts are necessary to accommodate a given level of the broker/dealer LER, which is in excess of the large exposure limit. LER limit is the maximum permissible large exposure and calculated as percentage of core equity.

Aggregate Indebtedness
Total money liabilities of a broker/dealer arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities subject to the exclusions provided in the said Philippine SEC Memorandum.

The Company's regulated operations have complied with all externally imposed capital requirements throughout the period. In addition, SRC Rule 49.1 (B), Reserve Fund of such circular requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings. Minimum appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid up capital between ₱10,000,000 to ₱30,000,000, between ₱30,000,000 to ₱50,000,000 and more than ₱50,000,000, respectively.

On May 28, 2009, the Philippine SEC approved the PSE's Rules Governing Trading Rights and Training Participants, which supersede the Membership Rule of PSE. The Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by SEC, of ₱20,000,000 effective December 31, 2009, and ₱30,000,000 effective December 31, 2010 and onwards. As of December 31, 2023 and 2022, the Company's unimpaired capital amounted to ₱62,221,570 and ₱60,469,494, respectively.

15. Supplementary Information Required Under RR 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued for the year ended December 31, 2023:

a. The Company is a VAT-registered company with VAT output tax declaration of ₱31,761 for the year ended December 31, 2023 based on the amount of ₱264,679 lodged under "Commissions" account in the 2023 statement of comprehensive income. Output VAT reported by the Company was based on actual cash receipts on services rendered.

b. Input VAT

Balance at January 1, 2023	₱32,517
Domestic purchases of services	99,861
Domestic purchases of goods other than capital goods	10,803
Total	143,181
Claimed against output VAT	(31,761)
Balance at December 31, 2023	₱111,420

c. The Company paid documentary stamp tax in 2023 amounting to ₱4,873.

d. Other taxes and licenses under "Costs and expenses" in the 2023 statement of comprehensive income are as follows:

Local:	
Municipal license	₱15,924
Others	8,943
National:	
Bureau of Internal Revenue annual registration fee	500
Others	48
	₱25,415

e. The amount of withholding taxes paid/accrued for the year amounted to:

Withholding taxes on compensation and benefits	₱142,810
Expanded withholding taxes	20,990
	₱163,800

(A Member of the Philippine Stock Exchange)

APEX (PHILIPPINES) EQUITIES CORPORATION
Unit 1, 21st Floor, Philippine Stock Exchange Tower
5th Avenue cor. 28th Street, Bonifacio Global City, Taguig City, Philippines

(Previously: 2nd Floor Mary Bachrach Building
corner 25th and A.C.Delgado Streets, Port Area, Manila)
Trunk line: +632-88308888
apex@tdgworld.com

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR ANNUAL INCOME TAX RETURN

The Management of **APEX (PHILIPPINES) EQUITIES CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of APEX (PHILLIPINES) EQUITIES CORPORATION, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the APEX (PHILLIPINES) EQUITIES CORPORATION has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

DAN C. FLORENTINO
Chairman

JENNIFER TABLANTE
President

SOCORRO Z. NIRO
Treasurer

APEX SH

APEX SH

APEX S

Signed this 9th day of April, 2024