Gmail **Star Alliance Sec Corp <staralliancesec@gmail.com>**

Your BIR AFS eSubmission uploads were received

2 messages

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 5:24 PM
To: STARALLIANCESEC@gmail.com
Cc: ALFIE8882002@gmail.com

Hi STAR ALLIANCE SECURITIES CORP,

Valid files

- EAFS008323446ITRTY122023.pdf
- EAFS008323446AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3Q3TQ2QP0C7FL9C9LQXRZZPTV0AL8L59KA**
Submission Date/Time: **Apr 30, 2024 05:24 PM**
Company TIN: **008-323-446**

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

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

This is a system-generated e-mail. Please do not reply.

Star Alliance Sec Corp <staralliancesec@gmail.com> Tue, Apr 30, 2024 at 6:00 PM
To: Dennissa Rose Pormon <dennissa.pormon@starallsec.com>

[Quoted text hidden]

BUREAU OF INTERNAL REVENUE
AFS eSUBMISSION

powered by EZY

ALFONSO ANGGALA
STARALL528

- Home
- Profile
- File Upload
- Transactions
- Sign Out

AFS-0-3Q3TQ2QP0C7FL9C9LQXRZZPTV0AL8L59KA

Upload Date	Document Type	File Name	File Size (MB)	Page Count	PDF file?
April 30, 2024 5:24:29 PM	ITR	EAFS008323446ITRTY122023.pdf	0.333218	6	✔
April 30, 2024 5:24:29 PM	AFS	EAFS008323446AFSTY122023.pdf	1.161081	45	✔

Back

 Version 1.0.2.0

BUREAU OF INTERNAL REVENUE
AFS eSUBMISSION

powered by EZY delivering excellence

File Upload

All files successfully uploaded

Transaction Code:
AFS-0-3Q3TQ2QP0C7FL9C9LQXRZZPTV0AL8L59KA

Submission Date/Time:
Apr 30, 2024 05:24 PM

Back To Upload

 Version 1.0.2.0

Fwd: SEC: AFS 2023-CS201212437

From Star Alliance Sec Corp <starallliancesec@gmail.com>
To Dennissa Rose Pormon <dennissa.pormon@starallsec.com>
Date 2024-04-30 10:22 am

---------- Forwarded message ---------
From: **ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>
Date: Tue, Apr 30, 2024 at 6:17 PM
Subject: Re: SEC: AFS 2023-CS201212437
To: <starallliancesec@gmail.com>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

-- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 2 4 3 7

COMPANY NAME

S T A R   A L L I A N C E   S E C U R I T I E S   C O R P .

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

1 2 0 1   O n e   G l o b a l   P l a c e ,   5 t h   A v e .   c o r .
2 5 t h   S t . ,   B o n i f a c i o   G l o b a l   C i t y ,
T a g u i g   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
5 2 A R	M S R D	Broker/Dealer in Securities

COMPANY INFORMATION

Company's E-mail Address	Company's Telephone Number/s	Mobile Number
staralliancesec@gmail.com	(02) 8556-2265	0927-239-6756

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	April 30	December 31

CONTACT PERSON'S INFORMATION

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

Name of Contact Person	E-mail Address	Telephone Number/s	Mobile Number
Geraldine April G. Anggala	geraldinegaisano@yahoo.com	(02) 8556-2265	–

CONTACT PERSON'S ADDRESS

1201 One Global Place, 5th Ave. cor. 25th St., Bonifacio Global City, Taguig City

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

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

STAR ALLIANCE SECURITIES CORP.
ANNUAL AUDITED FINANCIAL REPORT
TABLE OF CONTENTS

DECEMBER 31, 2023

	Page
Cover Page	1
Statement of Management's Responsibility for Financial Statements	2
Independent Auditors' Report	3 - 5
Statements of Financial Position	6
Statements of Comprehensive Income	7 - 8
Statements of Changes in Equity	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 45
Report of Independent Auditors to Accompany Financial Statements for Filing with Securities and Exchange Commission (SEC)	46
Report of Independent Auditors on Supplementary Schedules	47
Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Schedule I)	48
Computation of Risk-Based Capital Adequacy Requirement Pursuant to SEC Memorandum Circular No. 16 (Schedule II)	49
Information Relating to the Possession or Control Requirements under Annex F of Securities Regulation Code (SRC) Rule 49.2 (Schedule III)	50
Computation for Determination of Reserve Requirements under Annex G of SRC Rule 49.2 (Schedule IV)	51
A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed Since the Report Date of the Previous Audit (Schedule V)	52
Results of Monthly Securities Count Conducted Pursuant to SRC Rule 52.1-10, as Amended (Schedule VI)	53 - 55
Supplementary Schedule of Financial Soundness Indicators Pursuant to the Revised SRC Rule 68 (Schedule VII)	56

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

COVER PAGE

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of SRC.

Report for the Year Beginning January 1, 2023 and Ended December 31, 2023.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	Star Alliance Securities Corp.
Address of Principal Place of Business:	1201 One Global Place 5th Ave. cor. 25th St. Bonifacio Global City Taguig City
Name and Phone Number of Person to Contact in Regard to this Report:	
Name: Ms. Geraldine April G. Anggala	Tel. No.: (02) 8556-2265

IDENTIFICATION OF ACCOUNTANT		
Name of Independent Auditors whose opinion is contained in this report:		
Name:	Reyes Tacandong & Co. SEC Accreditation No. 4782 Group A; Valid for Financial Periods 2021 to 2025	Tel. No.: (02) 8982-9100 Fax No.: (02) 8982-9111
Address:	26th Floor, BDO Towers Valero 8741 Paseo de Roxas, Makati City 1226, Philippines	
KARL JOSEPH N. MALVAS Partner CPA Certificate No. 110926 Tax Identification No. 940-545-217-000 BOA Accreditation No. 4782; Valid until April 13, 2024 BIR Accreditation No. 08-005144-017-2022 Valid until June 6, 2025 PTR No. 10072421 Issued January 2, 2024, Makati City		

STAR ALLIANCE SECURITIES CORP
member: The Philippine Stock Exchange, Inc.
1201 One Global Place, 5th Ave cor 25th Street, Bonifacio Global City, Taguig 1634, Philippines
tel No. +632 556 2265 | Fax No. 632 238 1575 email : starralliancesec@gmail.com

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **Star Alliance Securities Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ALFONSO S. ANGGALA
Chairman of the Board

ALFONSO S. ANGGALA
President

GERALDINE APRIL G. ANGGALA
Treasurer

Signed this ***8th day of April 2024***

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Star Alliance Securities Corp.
1201 One Global Place
5th Ave. cor. 25th St.
Bonifacio Global City, Taguig City

Opinion

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 the 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 PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

REYES TACANDONG & CO.

KARL JOSEPH N. MALVAS
Partner
CPA Certificate No. 110926
Tax Identification No. 940-545-217-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-017-2022
Valid until June 6, 2025
PTR No. 10072421
Issued January 2, 2024, Makati City

April 8, 2024
Makati City, Metro Manila

STAR ALLIANCE SECURITIES CORP.

STATEMENTS OF FINANCIAL POSITION

		December 31					
		2023			2022		
			Security Valuation			Security Valuation	
	Note	**Money Balance**	**Long**	**Short**	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	7	**₱61,544,887**			₱144,168,922		
Financial assets at fair value through profit or loss (FVPL)	8	**563,422,030**	**₱553,077,631**		568,041,715	₱556,818,301	
Trade receivables	9	**45,126,844**	**58,265,114**		14,573,043	150,513,070	
Other current assets	10	**7,047,388**			6,172,508		
Total Current Assets		**677,141,149**			732,956,188		
Noncurrent Assets							
Property and equipment	11	**1,938,108**			34,737,214		
Investment properties	12	**35,020,216**			–		
Net deferred tax assets	18	**28,165,885**			12,452,391		
Other noncurrent assets	13	**22,995,616**			22,662,568		
Total Noncurrent Assets		**88,119,825**			69,852,173		
		₱765,260,974			₱802,808,361		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				**₱1,087,619,225**			₱1,115,602,865
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	14	**₱34,003,683**	**476,276,480**		₱20,515,855	408,271,494	
Other current liabilities	15	**1,516,652**			649,043		
Total Current Liabilities		**35,520,335**			21,164,898		
Noncurrent Liability							
Security deposits	19	**2,863,916**			–		
Total Liabilities		**38,384,251**			21,164,898		
Equity							
Capital stock	5	**750,000,000**			750,000,000		
Retained earnings (Deficit):							
Appropriated	5	**–**			15,496,349		
Unappropriated		**(23,123,277)**			16,147,114		
Total Equity		**726,876,723**			781,643,463		
		₱765,260,974	**₱1,087,619,225**	**₱1,087,619,225**	₱802,808,361	₱1,115,602,865	₱1,115,602,865

See accompanying Notes to Financial Statements.

STAR ALLIANCE SECURITIES CORP.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 **2023**	2022
REVENUES			
Dividend income	8	**₱10,390,707**	₱17,234,575
Commissions		**8,190,675**	6,286,760
Interest income	7	**3,734,558**	102,759
Rental income	19	**1,735,896**	–
		24,051,836	23,624,094
COST OF SERVICES			
Commissions		**6,886,776**	6,542,824
Stock exchange fees and dues		**3,496,303**	4,731,605
Personnel costs	17	**2,067,346**	2,086,895
Communication		**779,786**	841,281
		13,230,211	14,202,605
GROSS PROFIT		**10,821,625**	9,421,489
OPERATING EXPENSES			
Representation		**3,963,343**	4,051,618
Personnel costs	17	**2,178,698**	1,859,373
Condominium dues and fees		**921,008**	920,822
Insurance		**683,105**	573,823
Taxes and licenses		**267,046**	312,039
Communication		**168,532**	247,087
Office supplies		**163,513**	535,941
Professional fees		**120,000**	220,000
Utilities		**119,949**	95,188
Membership dues and fees		**84,000**	193,852
Others		**4,370,780**	4,491,807
		13,039,974	13,501,550
Loss on sale of financial assets at FVPL	8	**64,225,252**	82,661,472
Depreciation and amortization	11	**2,910,010**	2,997,230
Provision for impairment losses on trade receivables	9	**130,804**	80,774
		80,306,040	99,241,026
LOSS BEFORE INCOME TAX		**(₱69,484,415)**	(₱89,819,537)

(Forward)

	Note	Years Ended December 31 2023	2022
LOSS BEFORE INCOME TAX		**(₱69,484,415)**	(₱89,819,537)
INCOME TAX EXPENSE (BENEFIT)	18		
Current		**995,819**	–
Deferred		**(15,713,494)**	(12,970,416)
		(14,717,675)	(12,970,416)
NET LOSS		**(54,766,740)**	(76,849,121)
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE LOSS		**(₱54,766,740)**	(₱76,849,121)

See accompanying Notes to Financial Statements.

STAR ALLIANCE SECURITIES CORP.

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2023**	2022
CAPITAL STOCK			
Balance at beginning and end of year	5	**₱750,000,000**	₱750,000,000
APPROPRIATED RETAINED EARNINGS	5		
Balance at beginning of year		**15,496,349**	15,496,349
Reversal of appropriation		**(15,496,349)**	–
Balance at end of year		**–**	15,496,349
UNAPPROPRIATED RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year		**16,147,114**	92,996,235
Net loss		**(54,766,740)**	(76,849,121)
Reversal of appropriation	5	**15,496,349**	–
Balance at end of year		**(23,123,277)**	16,147,114
		(23,123,277)	31,643,463
		₱726,876,723	₱781,643,463

See accompanying Notes to Financial Statements.

STAR ALLIANCE SECURITIES CORP.

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱69,484,415)**	(₱89,819,537)
Adjustments for:			
Unrealized losses on financial assets at FVPL	8	**100,694,033**	48,430,811
Dividend income	8	**(10,390,707)**	(17,234,575)
Interest income	7	**(3,734,558)**	(102,759)
Depreciation and amortization	11	**2,910,010**	2,997,230
Provision for impairment losses on trade receivables	9	**130,804**	80,774
Operating income (loss) before working capital changes		**20,125,167**	(55,648,056)
Decrease (increase) in:			
Financial assets at FVPL		**(96,074,348)**	(21,854,661)
Trade receivables		**(30,684,605)**	6,135,275
Other current assets		**(879,015)**	(1,208,306)
Other noncurrent assets		**(333,048)**	(346,440)
Increase (decrease) in:			
Trade payables		**13,487,828**	(105,147,217)
Other current liabilities		**867,609**	(99,845)
Security deposits		**2,863,916**	–
Net cash used for operations		**(90,626,496)**	(178,169,250)
Dividends received		**10,390,707**	17,234,575
Interest received		**3,734,558**	102,759
Income taxes paid		**(991,684)**	(8,223,372)
Net cash used in operating activities		**(77,492,915)**	(169,055,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties	12	**(4,892,120)**	–
Property and equipment	11	**(239,000)**	(2,270,751)
Cash used in investing activities		**(5,131,120)**	(2,270,751)
CASH FLOWS FROM A FINANCING ACTIVITY	16		
Payment of advances from a related party		**–**	(2,923,060)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(82,624,035)**	(174,249,099)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**144,168,922**	318,418,021
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱61,544,887**	₱144,168,922

See accompanying Notes to Financial Statements.

1. Corporate Information

Star Alliance Securities Corp. (the Company) was incorporated in the Philippines and registered with Securities and Exchange Commission (SEC) on October 8, 2012. The Company is a licensed broker/dealer in securities with the Philippine SEC and is a holder of a trading right issued by the Philippine Stock Exchange (PSE).

The registered office address of the Company is also its principal place of business and is located at 1201 One Global Place, 5th Ave. cor. 25th St., Bonifacio Global City, Taguig City.

Approval of the Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

The material accounting policy information used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise stated.

The statements of financial position contain some additional information in line with the requirements of Rule 52.1 of the Implementing Rules and Regulations of the Securities Regulation Code (SRC).

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are rounded to the nearest Peso except when otherwise indicated.

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL).

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques:

- 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; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in the following notes to the financial statements:

- Note 6 - Fair Value Measurement
- Note 8 - Financial Assets at FVPL
- Note 12 - Investment Properties

<u>Adoption of Amendments to PFRS</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS which the Company adopted effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Disclosures of the accounting policies were updated in accordance with the definition of "material information" in the Amendments to PAS 1 and PFRS Practice Statements 2.

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Under prevailing circumstances, the relevant amendments to PFRS already issued but which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements are not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Instruments

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

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

Financial Assets

Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI), and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial assets at FVOCI as at December 31, 2023 and 2022.

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

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

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

As at December 31, 2023 and 2022, the Company's cash and cash equivalents, trade receivables, and refundable deposits (under "Other noncurrent assets" account in the statements of financial position) are classified under this category.

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2023 and 2022, the Company's investments in quoted equity securities and investments in money market fund are classified under this category.

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

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

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

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

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

Impairment of Financial Assets at Amortized Cost. The Company assesses on a forward-looking basis the expected credit losses (ECL) for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. 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.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment and an assessment of both the current as well as the forecast direction of condition at the reporting date, including time value of money where appropriate.

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

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. 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 derecognized when:

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

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

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2023 and 2022, the Company does not have financial liabilities at FVPL.

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

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

As at December 31, 2023 and 2022, the Company's trade payables and other current liabilities (excluding statutory payables) are classified under this category.

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

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

Other Current Assets
Other current assets include excess tax credits and prepayments.

Excess Tax Credits. Excess tax credits pertain to taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers and are deducted from income tax payable in the same year the related income was recognized. Excess tax credits are carried forward and can be utilized in succeeding taxable periods.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Value-Added Tax (VAT)

Input VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses and assets are recognized net of the amount of input or output VAT. The net amount of VAT recoverable from the taxation authority is included as part of “Other current assets” in the statements of financial position.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods.

In accordance with the Revenue Regulation No. 16-2005, input VAT on purchases or importations of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

However, based on Revenue Memorandum Circular (RMC) 21-2022, effective January 1, 2022, all input tax on purchases of capital goods shall no longer be deferred, but allowed to be claimed upon purchase or payment. Remaining unutilized input VAT shall be allowed to be amortized as scheduled until fully utilized.

Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of property and equipment comprises its purchase price after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance, and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Transportation equipment	5
Furniture, fixtures, and office equipment	2 to 5

Depreciation ceases at the earlier of the date that the item is classified as held for sale and the date the property and equipment is derecognized.

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

Fully-depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recorded with respect to those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, and property under construction or redevelopment, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured initially at cost. Cost includes the acquisition cost of the investment properties plus incidental costs incurred to effect the transfer of title of the investment properties and other necessary expenses incurred in its acquisition.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell. For a transfer from investment property to owner-occupied property or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such in accordance with the policy under property, plant and equipment up to the date of change in use.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the investment property:

	Number of Years
Condominium units	20
Condominium improvements	18 to 19

Intangible Assets

Intangible assets pertain to exchange trading right and computer software, which are classified as part of “Other noncurrent assets”.

Exchange Trading Right. Exchange trading right is initially measured at cost. It is an intangible asset with indefinite useful life and is tested for impairment annually. Exchange trading right is not amortized but is carried at cost less accumulated impairment losses, if any. The assumption that the exchange trading right remains to be an intangible asset with an indefinite life is reviewed annually to determine whether this continues to be supportable as such. If not, the carrying amount of the asset is amortized over its remaining useful life on a straight-line basis unless a more appropriate amortization method is warranted. Any impairment losses determined are recognized in profit or loss.

The Company does not carry any cost of trading right in its books. The trading right was acquired by the Company from its stockholder by way of transfer with no consideration. Under the PSE rules, all exchange trading rights are pledged at its full value to PSE to secure the payment of all debts due to other members of the exchange arising out of, or in connection with, the present or future members' contracts.

Computer Software. Computer software is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible asset with a finite useful life is amortized over its useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life of an intangible asset arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Company.

Amortization is calculated on a straight-line basis over five (5) years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits for the intangible asset. Changes in the expected useful life or the expected pattern or consumption of future economic benefits embodied in the intangible assets with finite useful life are recognized in profit or loss.

Fully-amortized assets are retained in the account until they are no longer in use and no further change for depreciation or amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated amortization and any accumulated impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, except for the exchange trading right where test of impairment is done annually. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of net income or losses, net of any dividend declarations.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for the reserve fund in compliance with the Securities Regulation Code (SRC) Rule 49.1 (B).

Revenue Recognition

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

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as agent in its brokerage transactions. The Company acts as a principal in its income from other sources.

Commissions. This account consists of revenue from brokerage transactions, which is recorded on trade date basis as trade transactions occur.

Other Income. Income from other sources is recognized when earned during the year.

The following are the specific recognition criteria for other revenue outside the scope of PFRS 15:

Dividend Income. Dividend income is recognized when the Company's right to receive the payment is established.

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

Rental Income. Rental income is recognized in profit or loss on a straight-line basis over the lease term.

Trading Gains or Losses on Financial Assets at FVPL. Trading gains or losses on financial assets at FVPL include all gains and losses from changes in fair value and disposal of financial assets at FVPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVPL at each reporting date. Gains or losses from sale of financial assets at FVPL are recognized in profit or loss upon confirmation of trade deals.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Services. Cost of services are recognized as expense when the related services are rendered.

Operating Expenses. Operating expenses constitute costs of administering the business and costs incurred to sell and market the services and are recognized in profit or loss when incurred.

Leases
The Company assesses whether the contract is, or contains a lease at the commencement date. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Short-term Employee Benefits
The Company recognizes short-term employee benefits based on contractual arrangements with employees. The unpaid portion of short-term employee benefits is measured on an undiscounted basis and is included as part of "Other current liabilities" account in the statements of financial position.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or 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 Tax. Deferred income tax is provided 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 tax liabilities are recognized for all taxable temporary differences. Deferred 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 tax losses can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the same time of the transaction, affects neither the accounts profit nor taxable profit or loss.

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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

Related Party Transactions

Related party transactions consist of transfer of resources, services or obligations between a reporting entity and its related parties, regardless of whether a price is charged.

Parties are considered to be related when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individual or corporate entities.

Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Provisions and Contingencies

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. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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 in the notes to the financial statements when an inflow of economic benefits is probable.

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires management to exercise judgment, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and related notes. The judgment and accounting estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Judgments

Classification of Condominium Units and Condominium Improvements as Investment Properties. The Company determines whether a property qualifies as an investment property or a property and equipment. In making its judgment, the Company considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes by the Company.

The Company's condominium units and condominium improvements which are held for rentals are classified as investment properties. The carrying amount of investment properties as at December 31, 2023 is disclosed in Note 12 to the financial statements.

Classification of Lease Commitments - Company as Lessor. The Company has entered into a property lease agreement on its condominium units. The Company has determined that it retains all significant risks and rewards of ownership related to the leased properties. Accordingly, the agreement is accounted for as an operating lease.

Rental income in 2023 is disclosed in Note 19 to the financial statements.

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depends on the results of the "solely for payments of principal and interests" and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

The Company monitors financial assets measured at FVPL or amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. Otherwise, change in the business model should result to a change in the classification of those financial assets.

At initial recognition, the Company designated its investments in quoted equity securities and money market fund which are held for trading as financial assets at FVPL (see Note 8).

Cash and cash equivalents, trade receivables and refundable deposits were classified as financial assets at amortized cost because the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 7, 9 and 13).

Accounting Estimates and Assumptions

Assessment of the ECL on Trade Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments.
The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for impairment loss on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The carrying amount of trade receivables, the allowance for impairment losses and provision for impairment losses on trade receivables as at and for the years ended December 31, 2023 and 2022 is disclosed in Note 9 to the financial statements.

Assessment of the ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparties.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant increase in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparties.

The Company has assessed that the impairment on other financial assets at amortized cost is immaterial because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for credit losses on other financial assets at amortized cost was recognized in 2023 and 2022.

The carrying amounts of cash in banks and short-term placements, and refundable deposits as at December 31, 2023 and 2022 are disclosed in Notes 7 and 13, respectively, to the financial statements.

Estimation of the Useful Lives of Property and Equipment and Investment Properties. The useful lives of property and equipment and investment properties are estimated based on the period over which the assets are expected to be available for use and are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment and investment properties.

The useful lives are updated if expectations differ from previous estimates due to physical wear and tear, and technical and commercial obsolescence. Any reduction in the estimated useful lives of these assets would increase the Company's recorded operating expenses and decrease noncurrent assets.

There was no change in the estimated useful lives of property and equipment and investment properties in 2023 and 2022.

Assessment for the Impairment of Nonfinancial Assets. The Company assesses impairment on property and equipment and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU unit to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the net amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on property and equipment and other nonfinancial assets was recognized in 2023 and 2022. The carrying amounts of nonfinancial assets (property and equipment, investment properties and other current assets) as at December 31, 2023 and 2022 are disclosed in Notes 10, 11 and 12 to the financial statements.

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and adjusts the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. Management believes that the Company will be able to utilize in the future all its deferred tax assets on deductible temporary differences based on the Company's projected taxable income in the subsequent reporting periods.

The Company did not recognize deferred tax asset from NOLCO in 2023 because management has assessed that it is not probable that sufficient future taxable profits will be available against which this can be utilized.

Deferred tax assets recognized as at December 31, 2023 and 2022 are disclosed in Note 18 to the financial statements.

4. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade receivables, refundable deposits, trade payables, and other current liabilities (excluding statutory payables).

The main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, and market risk. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk

The Company's exposure to credit risk arises from the failure of a counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The table below presents the summary of the Company's maximum exposure to credit risk without taking into account any collateral, other credit enhancements or credit risk mitigating features and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired, if any, are separately presented.

	2023			
	12-month ECL	**Lifetime ECL - Not Credit-Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Financial assets at amortized cost:				
Cash in banks and cash equivalents	**₱61,534,887**	**₱–**	**₱–**	**₱61,534,887**
Trade receivables	**–**	**45,126,844**	**211,578**	**45,338,422**
Refundable deposits	**22,995,616**	**–**	**–**	**22,995,616**
	₱84,530,503	**₱45,126,844**	**₱211,578**	**₱129,868,925**

	2022			
	12-month ECL	Lifetime ECL - Not Credit-Impaired	Lifetime ECL - Credit Impaired	Total
Financial assets at amortized cost:				
Cash in banks and cash equivalents	₱144,158,922	₱–	₱–	₱144,158,922
Trade receivables	–	14,573,043	80,774	14,653,817
Refundable deposits	22,662,568	–	–	22,662,568
	₱166,821,490	₱14,573,043	₱80,774	₱181,475,307

The Company limits its exposure to credit risk by depositing its cash with highly reputable and pre-approved financial institutions. In addition, customers are initially assessed for creditworthiness based on their profile (i.e., financial capacity, reputation, collateral). The Company mitigates its credit risk by transacting with recognized and creditworthy counterparties. The Company also monitors receivable balances regularly. In accordance with the Risk-Based Capital Adequacy (RBCA) requirements, limits are imposed to avoid large exposure to a single client or counterparty and single equity relative to a particular issuer company or group of companies. Furthermore, credit exposures are minimized by collateral held in the form of securities purchased.

The Company has no significant concentration of credit risk with any single counterparty or Company of counterparties having similar characteristics.

Trade Receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, terms, and number of days outstanding. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e. PSE index). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

The aging analysis of the Company's trade receivables from customers and related parties is as follows:

Days from Transaction Date of Counterparty	2023 Amount	2023 Collateral (net of haircut)	2023 Counterparty Exposure
1 to 2 days	**₱803,576**	**₱2,908,550**	**₱–**
3 to 13 days	**10,578,906**	**38,290,440**	**–**
14 to 31 days	**–**	**–**	**–**
Over 31 days	**–**	**–**	**–**
	₱11,382,482	**₱41,198,990**	**₱–**

Days from Transaction Date of Counterparty	2022 Amount	2022 Collateral (net of haircut)	2022 Counterparty Exposure
1 to 3 days	₱1,515,197	₱62,298,709	₱1,120,226
4 to 14 days	4,038,679	33,756,858	–
15 to 31 days	3,992,039	3,992,038	–
Over 31 days	–	–	–
	₱9,545,915	₱100,047,605	₱1,120,226

Counterparty exposure is computed based on the rules provided by SRC 52.1.11 which considers the age of the receivables and the market value of related securities, net of haircut, as its collateral. The percentage of haircut is determined based on whether the security is within or outside the PSE index (PSEi).

SRC requires broker/dealers to maintain a stock record for each cash and margin account of every customer regardless of the frequency of transactions. The stock record is a record of accountability reflecting all securities for which the Company has custodial responsibility or proprietary ownership. Transactions in the customer accounts cover both money balances and security positions, with the security transaction and related money generally recorded on the settlement date.

On a regular basis, collateral valuations of customers' accounts are analyzed to ensure that these are sufficient to cover the outstanding balances due to the Company.

Allowance for impairment losses on trade receivables from customers and other brokers as at December 31, 2023 and 2022 is disclosed in Note 9 to the financial statements.

Trade receivables from related parties, customers and other brokers amounting to ₱11.4 million and ₱10.7 million as at December 31, 2023 and 2022, respectively, are secured by collateral comprising equity securities of listed companies with a total market value of ₱58.3 million and ₱150.5 million in 2023 and 2022, respectively (see Note 9).

Trade receivables from clearing house are due and collectible after two (2) business days and three (3) business days from the transaction date in 2023 and 2022, respectively. Accordingly, trade receivables from clearing house amounting to ₱ 34.0 million and ₱ 4.0 million as at December 31, 2023 and 2022 were fully collected in January 2024 and 2023, respectively (see Note 9).

Other Financial Assets at Amortized Cost
The Company's other financial assets at amortized cost consist of cash in banks and cash equivalents, and refundable deposits (recorded as part of "Other noncurrent assets"). The Company limits its exposure to credit risk by investing its cash in banks and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For refundable deposits, credit risk is low since the Company only transacts with reputable companies with respect to these financial assets.

It is the Company's policy to measure ECL on other financial assets at amortized cost on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considers the factors discussed in Note 3 to the financial statements in assessing ECL on other financial assets at amortized cost.

The Company has assessed that the ECL on other financial assets at amortized cost is insignificant. Accordingly, no provision for credit losses on other financial assets at amortized cost was recognized in 2023 and 2022.

Liquidity Risk
Liquidity risk arises from the possibility that the Company may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Company monitors its cash flows, particularly the receivable from customers' collections and the funding requirements of operations, to ensure an adequate balance of inflows and outflows. Further, special reserve requirements for the customers of the Company are maintained in the bank (see Note 7).

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows.

	2023			2022		
	Up to 1 Month	**More than 1 Month to 3 Months**	**Total**	Up to 1 Month	More than 1 Month to 3 Months	Total
Financial liabilities at amortized cost:						
Trade payables	**₱34,003,683**	**₱–**	**₱34,003,683**	₱20,515,855	₱–	₱20,515,855
Other current liabilities*	**–**	**260,726**	**260,726**	–	116,831	116,831
	₱34,003,683	**₱260,726**	**₱34,264,409**	₱20,515,855	₱116,831	₱20,632,686

**Excluding deferred rental income and statutory payables aggregating ₱1.3 million and ₱0.5 million as at December 31, 2023 and 2022, respectively.*

Market Risk
Market risks are risks that the Company's earnings decline, either immediately or over time, as a result of a change in market factors, such as volatility of stock prices or foreign exchange rates. The level of market risk to which the Company is exposed varies continually as a result of changing market expectations and changing market conditions.

Market risk originates from securities held as a principal, or in a proprietary or dealer account. In accordance with RBCA requirements, limits are imposed for all equity, debt and foreign exchange positions.

The Company is exposed to market risks, primarily those related to equity price risk. Management actively monitors these exposures as follows:

Equity Price Risk. Equity price risk is the risk that the fair values of quoted equity securities would decrease as the result of the adverse changes in the quoted equity prices as affected by both rational and irrational market forces. The equity price risk exposure of the Company arises mainly from its financial assets at FVPL.

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

The table below sets forth the impact of changes in PSEi in the Company's unrealized gain or loss on its financial assets at FVPL.

	2023		2022	
Changes in PSEi	**14.07%**	**(14.07%)**	20.55%	(20.55%)
Changes in trading income at equity portfolio under:				
Information technology	**₱11,806,161**	**(₱11,806,161)**	₱–	₱–
Holding firms	**9,079,851**	**(9,079,851)**	13,098,231	(13,098,231)
Electricity, energy, power and water	**7,599,857**	**(7,599,857)**	1,404,658	(1,404,658)
Banks	**6,521,724**	**(6,521,724)**	10,726,722	(10,726,722)
Telecommunications	**5,672,254**	**(5,672,254)**	911,204,173	(911,204,173)
Casinos and gaming	**2,922,037**	**(2,922,037)**	–	–
Property	**2,532,772**	**(2,532,772)**	22,603,373	(22,603,373)
Food, beverage and tobacco	**2,379,556**	**(2,379,556)**	5,864,407	(5,864,407)
Mining	**1,060,228**	**(1,060,228)**	801,011	(801,011)
Retail	**916,521**	**(916,521)**	2,118,979	(2,118,979)
Electrical components and equipment	**442,913**	**(442,913)**	527,415	(527,415)
Transportation services	**260,251**	**(260,251)**	766,267	(766,267)
Oil	**238,620**	**(238,620)**	159,918	(159,918)
Construction, infrastructure and allied services	**(26)**	**26**	974,084	(974,084)
Small and medium enterprise	**–**	**–**	846,442	(846,442)
	₱51,432,719	**(₱51,432,719)**	₱971,095,680	(₱971,095,680)

The sensitivity rate used for reporting equity price risk represents management's assessment of the reasonably possible change in equity pricing per PSEi. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by its specific beta for their valuation at the reporting date. The adjusted beta is the forecasted measure of the volatility of security or a portfolio in comparison to the market as a whole.

5. **Capital Management**

The Company's objective in managing capital is to ensure that a stable capital base is maintained in accordance with industry regulations, while maintaining investor, creditor and market confidence to sustain the future development of the business.

The Company's BOD has the overall responsibility for monitoring capital proportion to risks. The Associated Person designated by the Company monitors compliance with minimum net capital requirements imposed by PSE and SEC.

The Company, being a broker/dealer in securities, is regulated by PSE and SEC and is subject to the following capital requirements in accordance with the SRC.

Required Capitalization for Broker/Dealers

In compliance with SRC Rule 28 of the 2015 *Implementing Rules and Regulations of Securities Regulation Code*, trading participants, who will be participating in a registered clearing agency, are required to have a minimum unimpaired capital of ₱100.0 million effective November 9, 2015.

The unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit. Unimpaired paid-up capital of the Company amounted to ₱726.9 million and ₱750.0 million as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Company is compliant with the capital requirements.

Details of the Company's common shares with par value of ₱100 per share as at December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
Authorized		
Balance at beginning and end of year	10,000,000	₱1,000,000,000
Issued and Outstanding		
Balance at beginning and end of year	7,500,000	₱750,000,000

Reserve Fund

The Company shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to "Appropriated Retained Earnings". Minimum appropriation of 30%, 20%, and 10% of profit after tax for broker/dealers with unimpaired paid-up capital of between ₱10.0 million to ₱30.0 million, between ₱30.0 million to ₱50.0 million, and more than ₱50.0 million, respectively, are prescribed by SRC Rule 49.1 (B).

In 2023 and 2022, no appropriation was made because of the Company's net loss position. Appropriated retained earnings amounting to ₱15.5 million as at December 31, 2022 was reversed in 2023 as allowed under the SRC Rule 49.1 (B) (3).

Net Liquid Capital (NLC)

The Company is required, at all times, to have and maintain a NLC of ₱5.0 million or 5% of its Aggregate Indebtedness (AI), whichever is higher.

In computing for NLC, all non-allowable assets/equities, and collateralized liabilities will be deducted and allowable liabilities and equities are added to equity per books. The equity eligible for NLC pertains to the sum of the following:

- Equity per books;
- Liabilities subordinated to the claims of creditors in conformity with SRC Rule 49.1 and in accordance with a prescribed schedule; and
- Deposits for future stock subscription for which an application for increase in capital stock or request for exemption for registration has been filed with SEC.

The equity eligible for NLC shall exclude deferred income tax, revaluation reserves, minority interest, and any outside investment in affiliates and associates.

In computing for NLC, the equity eligible for NLC is adjusted by the following:

- Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;
- Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);
- Deducting general guarantees and indemnities for loans and indebtedness other than those incurred by the Company, unless otherwise permitted by the SEC; and
- Deducting long and short securities differences.

AI shall mean the 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, 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' accounts having short positions in securities, but excluding the items set out in SRC Rule 49.1 (1) (D).

The Company's NLC met the minimum prescribed amounts as shown below:

	2023	2022
NLC:		
Equity eligible for NLC	**₱698,710,838**	₱769,191,072
Less ineligible assets	**67,001,328**	63,572,290
	631,709,510	705,618,782
Required NLC:		
Higher of:		
5% of aggregate indebtedness	**1,919,213**	1,058,245
Minimum amount	**5,000,000**	5,000,000
	5,000,000	5,000,000
Net risk-based capital excess	**₱626,709,510**	₱700,618,782

Ratio of AI to NLC

The Company shall not permit its AI to all other persons to exceed 2,000% of its NLC.

The Company's AI represents 6% and 3% of its NLC as at December 31, 2023 and 2022, respectively.

RBCA Requirement/Ratio

The RBCA requirement/ratio refers to the minimum levels of capital to be maintained by firms which are licensed, or securing a broker/dealer license, taking into consideration the firm size, complexity, and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position, counterparty, large exposure, underwriting, and margin financing risks. The RBCA ratio should be greater than or equal to 1.1.

The RBCA ratio is the ratio linking the NLC of the Company to its Total Risk Capital Requirement (TRCR), calculated as the Company's NLC divided by its TRCR. The TRCR is the sum of:

- Operational Risk Requirement (ORR);
- Position or Market Risk Requirement; and
- Credit Risk Requirement which includes requirements for Counterparty Risk, Settlement Risk, Large Exposure Risk, and Margin Lending/Financing Risk.

	2023	2022
NLC	**₱631,709,510**	₱705,618,782
TRCR:		
Position risk	**168,201,954**	159,741,606
Large exposure risk	**33,754,453**	5,709,205
ORR	**4,569,911**	9,401,077
Total risk capital requirement	**₱206,526,318**	₱174,851,888
RBCA ratio	**306%**	404%

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

Ratio of Core Equity to ORR

The Company's core equity shall be at all times greater than its ORR.

Core equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core equity shall exclude treasury shares and unbooked valuation reserves and other capital adjustments, such as unrealized gain or loss in fair value changes.

The Company's ratio of core equity to ORR is as follows:

	2023	2022
Common stock	**₱750,000,000**	₱750,000,000
Beginning retained earnings	**31,643,463**	108,492,584
Core equity	**781,643,463**	858,492,584
ORR	**4,569,911**	9,401,077
Ratio of Core Equity to ORR	**17,104%**	9,132%

6. Fair Value Measurement

The following table presents the carrying amount and fair value of the Company's assets measured at fair value and for which fair value is disclosed, and the corresponding fair value hierarchy:

		2023			
			Fair value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset measured at fair value -					
Financial assets at FVPL	8	**₱563,422,030**	**₱563,422,030**	**₱–**	**₱–**
Assets for which fair value is disclosed-					
Investment property		**35,020,216**	**–**	**–**	**68,619,000**
		₱598,442,246	**₱563,422,030**	**₱–**	**₱68,619,000**

		2022			
			Fair value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset measured at fair value -					
Financial assets at FVPL	8	₱568,041,715	₱568,041,715	₱–	₱–

The Company used the following techniques to determine fair value measurements:

Financial Assets at FVPL. The Company's financial assets at FVPL as at December 31, 2023 and 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices, which are usually the closing prices from active markets as at the reporting date.

Investment Property. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment property and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. The fair valuation is classified under Level 3 category.

The significant unobservable inputs used in the fair value measurement of the Company's investment property are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparable with different inputs would result in a significantly different fair value measurement.

The Company has determined that the current use of its investment property as at December 31, 2023 is its highest and best use.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2023 and 2022.

The table below presents the financial assets and liabilities whose carrying amounts approximate their fair values as at December 31, 2023 and 2022.

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents	**₱61,544,887**	₱144,168,922
Trade receivables	**45,126,844**	14,573,043
Refundable deposits*	**22,995,616**	22,662,568
	₱129,667,347	₱181,404,533
Financial liabilities at amortized cost:		
Trade payables	**₱34,003,683**	₱20,515,855
Other current liabilities**	**260,726**	116,831
	₱34,264,409	₱20,632,686

**Included under "Other noncurrent assets" account in the statements of financial position.*
***Excluding deferred rental income and statutory payables aggregating ₱1.3 million and ₱0.5 million as at December 31, 2023 and 2022, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their fair values due to their short-term nature.

Refundable Deposits. The carrying amount of refundable deposits approximates fair value. The management believes that the effect of discounting the future receipts from this financial instrument using the prevailing market rates is not significant.

7. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱10,000**	₱10,000
Cash in banks	**60,945,004**	142,191,655
Short-term placements	**589,883**	1,967,267
	₱61,544,887	₱144,168,922

Cash in banks represent the Company's savings and demand deposits with local banks bearing interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of three (3) days up to three (3) months depending on the Company's immediate cash requirements, and earn interest at the prevailing short-term placement rate of 0.10% to 5.75% in 2023 and 0.10% per annum in 2022.

Interest income earned from cash in banks and short-term placements amounted to ₱3.7 million and ₱0.1 million in 2023 and 2022, respectively.

In compliance with SRC Rule 49.2.4 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to ₱2.0 million and ₱6.0 million as at December 31, 2023 and 2022, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation.

As at December 31, 2023 and 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

8. Financial Assets at FVPL

This account consists of:

	2023	2022
Quoted equity securities	**₱553,077,631**	₱556,818,301
Money market fund	**10,344,399**	11,223,414
	₱563,422,030	₱568,041,715

Net trading gains (losses) recognized on financial assets at FVPL are as follows:

	2023	2022
Unrealized losses from fair value changes	**(₱100,694,033)**	(₱48,430,811)
Realized gains (losses) on sale	**36,468,781**	(34,230,661)
	(₱64,225,252)	(₱82,661,472)

Dividend income earned from financial assets at FVPL amounted to ₱10.4 million and ₱17.2 million in 2023 and 2022, respectively.

The Company's financial assets at FVPL as at December 31, 2023 and 2022 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices or bidding dealer price quotations from active market as at the reporting date (see Note 6).

9. Trade Receivables

This account consists of:

	Note	2023	2022
Trade receivables from:			
Clearing house		**₱33,955,940**	₱3,987,676
Customers		**11,382,482**	1,705,509
Related parties	16	**–**	7,840,406
Other brokers		**–**	1,120,226
		45,338,422	14,653,817
Less allowance for impairment losses		**211,578**	80,774
		₱45,126,844	₱14,573,043

Trade receivables from clearing house are due and collectible after two (2) business days and three (3) business days from the transaction date in 2023 and 2022, respectively. Accordingly, balances as at December 31, 2023 and 2022 were fully collected in January 2024 and 2023, respectively.

Trade receivables from related parties, customers and other brokers consist of amounts due within two (2) business days and three (3) business days from the reporting date in 2023 and 2022, respectively. Details are as follows:

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**₱11,382,482**	**₱58,265,114**	₱9,545,915	₱150,513,070
Unsecured accounts	**–**	**–**	1,120,226	–
	11,382,482	**58,265,114**	10,666,141	150,513,070
Less allowance for impairment losses	**211,578**	**–**	80,774	–
	₱11,170,904	**₱58,265,114**	₱10,585,367	₱150,513,070

Collaterals on trade receivables from customers and other brokers pertain to listed equity securities amounting to ₱58.3 million and ₱150.5 million as at December 31, 2023 and 2022, respectively. The fair values of these securities are based on prevailing quoted market prices, which are usually the closing prices from active markets as at the reporting date.

Allowance for impairment losses pertains to specific and general provisions on past due trade receivables from customers and other brokers. The movements in the allowance for impairment losses are as follows:

	2023	2022
Balance at beginning of year	**₱80,774**	₱–
Provision for impairment losses	**130,804**	80,774
Balance at end of year	**₱211,578**	₱80,774

10. Other Current Assets

This account consists of:

	Note	**2023**	2022
Excess tax credits		**₱4,537,700**	₱4,541,835
Prepayments		**485,748**	430,538
Input VAT		**319,288**	433,935
Rent receivable	19	**165,129**	–
Deferred input VAT		**–**	33,004
Others		**1,539,523**	733,196
		₱7,047,388	₱6,172,508

Prepayments include subscriptions, taxes and licenses, and other expenses paid in advance by the Company.

11. **Property and Equipment**

The balances and movements in this account are as follows:

2023

	2023				
	Condominium Units	**Condominium Improvements**	**Transportation Equipment**	**Furniture, Fixtures, and Office Equipment**	**Total**
Cost					
Balances at beginning of year	**₱39,941,886**	**₱2,127,738**	**₱8,955,000**	**₱3,002,739**	**₱54,027,363**
Additions	**–**	**–**	**–**	**239,000**	**239,000**
Reclassification	**(39,941,886)**	**(2,127,738)**	**–**	**–**	**(42,069,624)**
Balances at end of year	**–**	**–**	**8,955,000**	**3,241,739**	**12,196,739**
Accumulated Depreciation					
Balances at beginning of year	**9,741,853**	**–**	**7,461,250**	**2,087,046**	**19,290,149**
Depreciation	**–**	**–**	**426,786**	**283,549**	**710,335**
Reclassification	**(9,741,853)**	**–**	**–**	**–**	**(9,741,853)**
Balances at end of year	**–**	**–**	**7,888,036**	**2,370,595**	**10,258,631**
Carrying Amounts	**₱–**	**₱–**	**₱1,066,964**	**₱871,144**	**₱1,938,108**

	2022				
	Condominium Units	Condominium Improvements	Transportation Equipment	Furniture, Fixtures, and Office Equipment	Total
Cost					
Balances at beginning of year	₱39,941,886	₱–	₱8,955,000	₱2,859,726	₱51,756,612
Additions	–	2,127,738	–	143,013	2,270,751
Balances at end of year	39,941,886	2,127,738	8,955,000	3,002,739	54,027,363
Accumulated Depreciation					
Balances at beginning of year	7,744,759	–	6,693,411	1,854,749	16,292,919
Depreciation	1,997,094	–	767,839	232,297	2,997,230
Balances at end of year	9,741,853	–	7,461,250	2,087,046	19,290,149
Carrying Amounts	₱30,200,033	₱2,127,738	₱1,493,750	₱915,693	₱34,737,214

Condominium units and condominium improvements were reclassified from "Property and equipment" to "Investment properties". The reclassification is considered as a noncash financial information excluded from the statements of cash flows (see Note 12).

Depreciation and amortization in the statements of comprehensive income consist of the following:

	Note	**2022**	2021
Investment properties	12	**₱2,199,675**	₱–
Property and equipment		**710,335**	2,997,230
		₱2,910,010	₱2,997,230

Cost of fully-depreciated property and equipment still in use amounted to ₱8.6 million as at December 31, 2023 and 2022.

12. Investment Properties

The balances and movements in this account as at December 31, 2023 follows:

	Condominium Units	Condominium Improvements	Total
Cost			
Balances at beginning of year	**₱–**	**₱–**	**₱–**
Reclassification	**39,941,886**	**2,127,738**	**42,069,624**
Additions	**–**	**4,892,120**	**4,892,120**
Balances at end of year	**39,941,886**	**7,019,858**	**46,961,744**
Accumulated Depreciation			
Balances at beginning of year	**–**	**–**	**–**
Reclassification	**9,741,853**	**–**	**9,741,853**
Depreciation	**1,997,094**	**202,581**	**2,199,675**
Balances at end of year	**11,738,947**	**202,581**	**11,941,528**
Carrying Amounts	**₱28,202,939**	**₱6,817,277**	**₱35,020,216**

Rental income earned from investment properties amounted to ₱1.7 million in 2023 (see Note 19).

Direct operating expenses arising from the investment properties amounting to ₱1.0 million is recorded as part of "Operating expenses" account in the statements of comprehensive income.

The fair value of the investment properties amounted ₱68.6 million as at December 31, 2023. The fair value of investment properties was determined using the Sales Comparison Approach. The approach compares sales of similar or substitute properties and related market data to establish an estimated value. The fair value of investment property is categorized under Level 3 (significant unobservable inputs) (see Note 6).

13. Other Noncurrent Assets

This account consists of:

	2023	2022
Refundable deposits from:		
Clearing and Trade Guaranty Fund (CTGF) contributions	**₱22,778,816**	₱22,445,768
Others	**216,800**	216,800
	₱22,995,616	₱22,662,568

Refundable deposits from CTGF contributions pertain to the monthly contributions paid by the Company, as a Clearing Member, to the CTGF maintained by the Securities Clearing Corporation of the Philippines (SCCP). The monthly contribution is equivalent to 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag.

Under the amended SCCP Rule 5.2, the deposits shall be refunded as trade-related assets to the Company upon the cessation of the business and/or termination of the membership with the SCCP, provided that all liabilities owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full.

This account also includes fully-amortized computer software still in use by the Company, with cost amounting to ₱0.7 million.

14. Trade Payables

This account consists of:

	Note	2023	2022
Trade payables to:			
Related parties	16	**₱31,184,790**	₱5,403,342
Customers		**2,818,538**	9,711,211
Clearing house		**–**	5,401,302
Other brokers		**355**	–
		₱34,003,683	₱20,515,855

Trade payables to clearing house is due after two (2) business days and three (3) business days from the transaction date in 2023 and 2022, respectively. Accordingly, balances as at December 31, 2023 and 2022 were fully settled in January 2024 and 2023, respectively.

Trade payables to related parties, customers and other brokers which are due within two (2) and three (3) business days in 2023 and 2022, respectively, consist of the following:

	2023		2022	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
With money balance	**₱34,003,683**	**₱170,631,631**	₱15,114,553	₱247,298,611
Without money balance	**–**	**305,644,849**	–	160,972,883
	₱34,003,683	**₱476,276,480**	₱15,114,553	₱408,271,494

15. Other Current Liabilities

This account consists of:

	2023	2022
Deferred rental income	**₱785,384**	₱–
Statutory payables	**470,542**	532,212
Accrued expenses	**111,710**	116,831
Others	**149,016**	–
	₱1,516,652	₱649,043

Deferred rental income pertains to advance payments made by the lessee for the rental of the condominium units.

Statutory payables include due to the BIR, Social Security System, Pag-IBIG, and PhilHealth. Due to the BIR comprises output tax, withholding taxes, and percentage tax. These are generally settled in the succeeding month from transaction date.

Accrued expenses pertain to professional fees and stock exchange dues and fees. Accrued expenses are noninterest-bearing and generally settled within one (1) year from the reporting date.

16. Related Party Transactions

The Company, in the ordinary course of business, has transactions with its related parties as follows:

Nature of Relationship	Nature of Transaction	Amount of Transaction 2023	Amount of Transaction 2022	Outstanding Balance 2023	Outstanding Balance 2022	Terms and Conditions
Trade Receivables (see Note 9)						
	Securities trading	**₱743,641,960**	₱572,549,320	**₱–**	₱7,840,406	2-3-days; noninterest-bearing, secured and generally collected in cash
Officers and Stockholders	Commission income	**1,859,158**	1,432,105	**–**	–	
				₱–	₱7,840,406	
Trade Payables (see Note 14)						
	Securities trading	**₱781,927,903**	₱551,084,022	**₱31,184,790**	₱5,403,342	2-3-days; noninterest-bearing, secured and generally settled in cash
Officers and Stockholders	Commission income	**1,954,996**	1,378,077	**–**	–	
				₱31,184,790	₱5,403,342	

The Company's office space is owned by a stockholder and used by the Company at no cost.

No compensation was provided by the Company to key management personnel in 2023 and 2022.

In 2023 and 2022, the Company did not meet the criteria prescribed in RR No. 34-2020 to file and submit the Related Party Transaction Form or the BIR Form 1709 together with the Annual Income Tax Return.

Reconciliation of Liability Arising from a Financing Activity

The table below details the changes in the Company's advances from a related party as at and for the year ended December 31, 2022.

Balance at beginning of year	₱2,923,060
Payment of advances	(2,923,060)
Balance at end of year	₱–

17. Personnel Costs

This account consists of:

	2023	2022
Salaries and wages	**₱3,742,868**	₱3,500,090
Other employee benefits	**503,176**	446,178
	₱4,246,044	₱3,946,268

Personnel costs are distributed in the statements of comprehensive income as follows:

	2023	2022
Cost of services	**₱2,067,346**	₱2,086,895
Operating expenses	**2,178,698**	1,859,373
	₱4,246,044	₱3,946,268

18. **Income Taxes**

The components of income tax expense (benefit) as reported in the statements of comprehensive income are as follows:

	2023	2022
Current	**₱995,819**	₱–
Deferred	**(15,713,494)**	(12,970,416)
	(₱14,717,675)	(₱12,970,416)

The income tax rates used in the financial statements are 25% and 1.5% for RCIT and MCIT, respectively, in 2023, and 25% and 1% for RCIT and MCIT, respectively, in 2022.

The components of the Company's net deferred tax assets are as follows:

	2023	2022
Excess of cost over fair value of financial assets at FVPL	**₱27,957,926**	₱9,647,990
Deferred rental income	**196,346**	–
Allowance for impairment losses on trade receivables	**52,895**	20,194
NOLCO	**–**	2,784,207
	28,207,167	12,452,391
Deferred tax liability - Rent receivable	**41,282**	–
Net deferred tax assets	**₱28,165,885**	₱12,452,391

The Company did not recognize deferred tax asset from NOLCO amounting to ₱2.8 million in 2023, because the management has assessed that it is not probable that sufficient future taxable profits will be available against which this can be utilized.

The carryforward benefits of the unused NOLCO which can be claimed as additional deductions against future taxable income are as follows:

Year Incurred	Incurred	Applied/Expired	Unapplied	Year of Expiration
2022	₱7,915,845	₱–	₱7,915,845	2025
2020	3,220,982	–	3,220,982	2025
	₱11,136,827	₱–	₱11,136,827	

In accordance with RR No. 25-2020 which implements RA No. 11494, "Bayanihan to Recover as One Act", net operating losses for taxable years 2020 and 2021 are allowed to be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation between the income tax benefit based on statutory income tax rate and the effective income tax rate is as follows:

	2023	2022
Income tax benefit at statutory tax rate	**(₱17,371,104)**	(₱22,454,884)
Change in unrecognized deferred tax asset	**2,784,207**	–
Increase (decrease) in income tax resulting from:		
Dividend income exempt from income tax	**(2,597,677)**	(4,308,644)
Excess of itemized deduction over optional standard deduction	**2,266,465**	13,093,741
Nondeductible expenses	**1,057,153**	997,188
Interest income already subjected to final tax	**(933,640)**	(25,690)
Nontaxable trading gains on money market fund	**76,921**	(272,127)
Income tax benefit at effective tax rate	**(₱14,717,675)**	(₱12,970,416)

19. Leases

The Company has entered into property lease agreement on its condominium units. The leases have a five-year lease term with rental escalations and security deposits. The security deposits shall be applied to any unpaid bills, dues, utilities or any damage to the leased units.

Rental income amounted to ₱1.7 million in 2023. Rent receivables, presented under "Other current assets", and security deposits amounting to ₱165,129 and ₱2.9 million, respectively, are presented in the statements of financial position.

Future minimum rental receivables under noncancellable operating leases as at December 31, 2023 are as follows:

Within one (1) year	₱4,790,840
After one (1) year but not more than five (5) years	19,676,834
	₱24,467,674

20. **Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

The information for 2023 required by the above regulation is presented below:

Output VAT

Output VAT declared by the Company for the year ended December 31, 2023 and the gross receipts upon which the same was based amounted to ₱5.9 million and ₱49.2 million, respectively. The Company's output VAT is based on gross receipts while gross revenue presented in the statement of comprehensive income are measured in accordance with PFRS.

Input VAT

The movements in input VAT claimed by the Company against its output VAT for the year ended December 31, 2023 are as follows:

Balance at beginning of year	₱433,935
Add: Deferred input VAT on capital goods, beginning	33,004
Current year's domestic purchase/payments for:	
Services	1,367,404
Goods other than capital goods	193,517
Allowable input VAT	₱2,027,860

The Company paid output VAT amounting to ₱4.2 million in 2023. Net input VAT as at December 31, 2023 amounting to ₱0.3 million is included as part of "Other current assets" account in the statement of financial position.

All Other Local and National Taxes

The Company's local and national taxes for the year ended December 31, 2023 consist of:

SEC licenses	₱107,595
Business permits	91,624
Real property tax	67,327
Registration fees	500
	₱267,046

The above local and national taxes are classified under "Taxes and licenses" account in the statement of comprehensive income.

Withholding Taxes

Withholding taxes paid by the Company for the year ended December 31, 2023 consist of:

	Paid	Accrued
Expanded withholding taxes	₱776,004	₱108,337
Withholding tax on compensation and benefits	151,122	125,921
	₱927,126	₱234,258

Tax Assessments and Cases

The Company has no pending tax assessments from the BIR or pending tax cases in court or other regulatory bodies outside of the BIR as at and for the year ended December 31, 2023.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Star Alliance Securities Corp.
1201 One Global Place
5th Ave. cor. 25th St.
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of Star Alliance Securities Corp. (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 8, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has four (4) stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

KARL JOSEPH N. MALVAS
Partner
CPA Certificate No. 110926
Tax Identification No. 940-545-217-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-017-2022
Valid until June 6, 2025
PTR No. 10072421
Issued January 2, 2024, Makati City

April 8, 2024
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Star Alliance Securities Corp.
1201 One Global Place
5th Ave. cor. 25th St.
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Star Alliance Securities Corp. (the Company) as at and for the years ended December 31, 2023 and 2022, and have issued our opinion thereon dated April 8, 2024. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Company's management. These supplementary schedules include the following:

I. Statement of Changes in Liabilities Subordinated to Claims of General Creditors;
II. Computation of Risk-Based Capital Adequacy Requirement Pursuant to Securities and Exchange Commission (SEC) Memorandum Circular No. 16;
III. Information Relating to the Possession or Control Requirements under Annex F of Securities Regulation Code (SRC) Rule 49.2;
IV. Computation for Determination of Reserve Requirements under Annex G of SRC Rule 49.2;
V. A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed Since the Report Date of the Previous Audit; and
VI. Results of Monthly Securities Count Conducted Pursuant to SRC Rule 52.1-10, as Amended.

The supplementary schedules are presented for purposes of complying with the SRC Rule 52.1.5, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

KARL JOSEPH N. MALVAS
Partner
CPA Certificate No. 110926
Tax Identification No. 940-545-217-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-017-2022
Valid until June 6, 2025
PTR No. 10072421
Issued January 2, 2024, Makati City

April 8, 2024
Makati City, Metro Manila

SCHEDULE I

STAR ALLIANCE SECURITIES CORP.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2023

The Company has no liabilities subordinated to claims of general creditors.

SCHEDULE II

STAR ALLIANCE SECURITIES CORP.
COMPUTATION OF RISK-BASED CAPITAL ADEQUACY REQUIREMENT PURSUANT TO SECURITIES AND EXCHANGE COMMISSION MEMORANDUM CIRCULAR NO. 16

DECEMBER 31, 2023

Assets	₱765,260,974
Liabilities	38,384,251
Equity as per books	726,876,723
Adjustments to equity per books	
Add (Deduct):	
Allowance for market decline	–
Subordinated liability	–
Unrealized gain/(loss) in proprietary accounts	–
Deferred income tax	(28,165,885)
Revaluation reserves	–
Deposit for future stock subscription (No application with SEC)	–
Minority interest	–
Total Adjustments to Equity per books	(28,165,885)
Equity Eligible For Net Liquid Capital	698,710,838
Contingencies and Guarantees	
Deduct: Contingent Liability	–
Guarantees or indemnities	–
Ineligible Assets	
a. Trading Right and all Other Intangible Asset (net)	–
b. Intercompany Receivables	–
c. Fixed Assets, net of accumulated and excluding those used as collateral	36,958,324
d. All Other Current Assets	7,047,388
e. Securities Not Readily Marketable	–
f. Negative exposure (SCCP)	–
g. Notes Receivable (non-trade related)	–
h. Interest and Dividends Receivables outstanding for more than 30 days	–
i. Ineligible Insurance claims	–
j. Ineligible Deposits	22,995,616
k. Short Security Differences	–
l. Long Security Differences not resolved prior to sale	–
m. Other Assets including Equity Investment in PSE	–
Total Ineligible Assets	67,001,328
Net Liquid Capital (NLC)	631,709,510
Less:	
Operational Risk Requirement	4,569,911
Position Risk Requirement	168,201,954
Counterparty Risk	–
Large Exposure Risk	
LERR to a single client	–
LERR to a single debt	–
LERR to a single issuer and group of companies	33,754,453
Total Risk Capital Requirement (TRCR)	206,526,318
Net RBCA Margin (NLC-TRCR)	425,183,192
Liabilities	38,384,251
Add: Deposit for Future Stock Subscription (No application with SEC)	–
Less: Exclusions from Aggregate Indebtedness	–
Subordinated Liability	–
Loans and secured securities	–
Loans secured by fixed assets	–
Others	–
Total adjustments to AI	–
Aggregate Indebtedness	38,384,251
5% of Aggregate Indebtedness	1,919,213
Required Net Liquid Capital (> of 5% of AI or ₱5,000,000)	5,000,000
Net Risk-based Capital Excess	626,709,510
Ratio of AI to Net Liquid Capital	6%
RBCA Ratio (NLC/TRCR)	306%

SCHEDULE III

STAR ALLIANCE SECURITIES CORP.
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER ANNEX F OF SECURITIES REGULATION CODE (SRC) RULE 49.2

DECEMBER 31, 2023

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

Market Valuation	NIL
Number of Items	NIL

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

Market Valuation	NIL
Number of Items	NIL

SCHEDULE IV

STAR ALLIANCE SECURITIES CORP.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER ANNEX G OF SECURITIES REGULATION CODE (SRC) RULE 49.2

FOR THE YEAR ENDED DECEMBER 31, 2023

Particulars	Credits	Debits
1. Free credit balance and other credit balance in customers' security accounts.	₱523,362	
2. Monies borrowed collateralized by securities carried for the account of customers.	–	
3. Monies payable against customers' securities loaned.	–	
4. Customers' securities failed to receive.	–	
5. Credit balances in firm accounts which are attributable to principal sales to customer.	–	
6. Market value of stock dividends stock splits and similar distributions receivable outstanding of 30 calendar days old.	–	
7. Market value of the short security count differences over 30 calendar days old.	–	
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.	–	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.	–	
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱44,885,038
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to delivery.		–
12. Failed to deliver customers' securities not older than 30 calendar days.		–
13. Others due from clearing house		–
Total	₱523,362	₱44,885,038
Net Credit (Debit)	(₱44,361,676)	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱–	

<u>SCHEDULE V</u>

STAR ALLIANCE SECURITIES CORP.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE REPORT DATE OF THE PREVIOUS AUDIT

DECEMBER 31, 2023

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

SCHEDULE VI

STAR ALLIANCE SECURITIES CORP.
RESULTS OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED

DECEMBER 31, 2023

There is no discrepancy in the results of the securities count conducted. Refer to pages 55 - 56 for the results of monthly securities count conducted as at December 31, 2023.

STAR ALLIANCE SECURITIES CORP.

RESULTS OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO SEC RULE 52.1-10
DECEMBER 31, 2023

CODE	NAME	Per Records		Per Count		Unallocated Difference	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
AB	ATOK-BIG WEDGE CO., INC.	10,000	₱53,200	10,000	₱53,200	–	₱–
ABA	ABACORE CAPITAL HOLDINGS, INC.	6,194,000	5,264,900	6,194,000	5,264,900	–	–
ACEN	AC ENERGY CORPORATION	11,025,000	48,289,500	11,025,000	48,289,500	–	–
ACR	ALSONS CONSOLIDATED RESOURCES, INC.	5,854,000	3,161,160	5,854,000	3,161,160	–	–
AEV	ABOITIZ EQUITY VENTURES, INC.	10,010	446,446	10,010	446,446	–	–
ALI	AYALA LAND, INC.	100	3,445	100	3,445	–	–
ALLDY	ALLDAY MARTS, INC.	39,699,000	6,232,743	39,699,000	6,232,743	–	–
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	5,597,700	9,907,929	5,597,700	9,907,929	–	–
ALTER	ALTERNERGY HOLDINGS CORP	150,000	115,500	150,000	115,500	–	–
AP	ABOITIZ POWER CORPORATION	105,000	3,969,000	105,000	3,969,000	–	–
APX	APEX MINING - A	3,300,000	9,900,000	3,300,000	9,900,000	–	–
ARA	ARANETA PROPERTIES, INC.	725,000	710,500	725,000	710,500	–	–
AUB	ASIA UNITED BANK CORPORATION	14,400	470,880	14,400	470,880	–	–
BDO	BDO UNIBANK, INC.	244,310	31,882,455	244,310	31,882,455	–	–
BHI	BOULEVARD HOLDINGS, INC.	100,000	6,100	100,000	6,100	–	–
BKR	BRIGHT KINDLE RESOURCES & INVESTMENTS INC.	1,548,000	2,167,200	1,548,000	2,167,200	–	–
BLOOM	BLOOMBERRY RESORTS CORPORATION	693,400	6,823,056	693,400	6,823,056	–	–
C	CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.	10,000	15,000	10,000	15,000	–	–
CAB	CONCRETE AGGREGATES CORPORATION	30	2,024	30	2,024	–	–
CAL	CALATA CORPORATION	100,000	–	100,000	–	–	–
CEB	CEBU AIR, INC.	81,900	2,661,750	81,900	2,661,750	–	–
CHIB	CHINA BANKING CORPORATION	775,400	23,921,090	775,400	23,921,090	–	–
CNVRG	CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC.	12,421,800	104,094,684	12,421,800	104,094,684	–	–
CTS	CTS GLOBAL EQUITY GROUP, INC.	4,773,000	3,579,750	4,773,000	3,579,750	–	–
DITO	DITO CME HOLDINGS CORP.	4,310,000	10,128,500	4,310,000	10,128,500	–	–
DMC	DMCI HOLDINGS, INC.	23,000	224,710	23,000	224,710	–	–
DMW	D.M. WENCESLAO & ASSOCIATES, INCORPORATED	7,598,000	39,205,680	7,598,000	39,205,680	–	–
DNL	D & L INDUSTRIES, INC.	700,000	4,417,000	700,000	4,417,000	–	–
ECVC	EAST COAST VULCAN CORPORATION	1,100,000	660,000	1,100,000	660,000	–	–
EEI	ENGG EQUIPMENT INC.	128,400	766,548	128,400	766,548	–	–
ELI	EMPIRE EAST LAND HOLDINGS, INC.	1,145,000	144,270	1,145,000	144,270	–	–
ENEX	ENEX ENERGY CORP.	15,000	73,500	15,000	73,500	–	–
FLI	FILINVEST LAND, INC.	20,000	11,800	20,000	11,800	–	–
FRUIT	FRUITAS HOLDINGS, INC.	765,000	734,400	765,000	734,400	–	–
GLO	GLOBE TELECOM, INC.	66,809	114,911,480	66,809	114,911,480	–	–
GTCAP	GT CAPITAL HOLDINGS, INC.	15,000	8,850,000	15,000	8,850,000	–	–
HOME	ALLHOME CORP.	4,900,000	5,488,000	4,900,000	5,488,000	–	–
IMI	INTEGRATED MICRO-ELECTRONICS, INC.	1,001,700	3,165,372	1,001,700	3,165,372	–	–
JAS	JACKSTONES, INC.	26,809,439	21,715,646	26,809,439	21,715,646	–	–
JFC	JOLLIBEE FOODS CORPORATION	20	5,028	20	5,028	–	–
JGS	JG SUMMIT HOLDINGS, INC.	1,012,900	38,642,135	1,012,900	38,642,135	–	–
LMG	LMG CHEMICALS CORP.	95,000	317,300	95,000	317,300	–	–
LTG	LT GROUP, INC.	609,800	5,476,004	609,800	5,476,004	–	–
MARC	MARCVENTURES HOLDINGS, INC.	567,500	612,900	567,500	612,900	–	–
MBT	METROPOLITAN BANK & TRUST COMPANY	550,285	28,229,621	550,285	28,229,621	–	–
MEG	MEGAWORLD CORPORATION	5,493,000	10,821,210	5,493,000	10,821,210	–	–
MONDE	MONDE NISSIN CORPORATION	2,609,900	21,870,962	2,609,900	21,870,962	–	–
MRC	MRC ALLIED, INC.	6,000	7,800	6,000	7,800	–	–
MRSGI	METRO RETAIL STORES GROUP, INC.	400,000	508,000	400,000	508,000	–	–
MWIDE	MEGAWIDE CONSTRUCTION CORPORATION	20,000	61,600	20,000	61,600	–	–
NIKL	NICKEL ASIA CORPORATION	148,200	812,136	148,200	812,136	–	–
OPM	ORIENTAL PETROLEUM AND MINERALS CORPORATION - A	137,100,000	1,096,800	137,100,000	1,096,800	–	–
OPMB	ORIENTAL PETROLEUM AND MINERALS CORPORATION - B	241,000,000	1,952,100	241,000,000	1,952,100	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unallocated Difference No. of Shares	Unallocated Difference Market Value
ORE	ORIENTAL PENINSULA RESOURCES GROUP, INC.	650,000	₱409,500	650,000	₱409,500	–	₱–
PBB	PHILIPPINE BUSINESS BANK	56,250	489,375	56,250	489,375	–	–
PCOR	PETRON CORP.	1,925,000	6,833,750	1,925,000	6,833,750	–	–
PGOLD	PUREGOLD PRICE CLUB, INC.	3,300	88,770	3,300	88,770	–	–
PLUS	DIGIPLUS INTERACTIVE CORP.	2,800,000	22,400,000	2,800,000	22,400,000	–	–
PNB	PHILIPPINE NATIONAL BANK	1,091,829	20,198,837	1,091,829	20,198,837	–	–
PNX	PHOENIX PETROLEUM PHILIPPINES, INC.	445,700	2,183,930	445,700	2,183,930	–	–
PRIM	PRIME MEDIA HOLDINGS, INC.	800,000	2,296,000	800,000	2,296,000	–	–
RCB	RIZAL COMMERCIAL BANKING CORPORATION	259,013	5,957,299	259,013	5,957,299	–	–
RLC	ROBINSONS LAND CORPORATION	250,000	3,985,000	250,000	3,985,000	–	–
SECB	SECURITY BANK CORPORATION	227,630	16,275,545	227,630	16,275,545	–	–
SGP	SYNERGY GRID & DEVELOPMENT PHILS., INC.	2,249,000	14,730,950	2,249,000	14,730,950	–	–
SM	SM INVESTMENTS CORPORATION	9,500	8,284,000	9,500	8,284,000	–	–
SMPH	SM PRIME HOLDINGS, INC.	100	3,290	100	3,290	–	–
SPNEC	SOLAR PHILIPPINES NUEVA ECIJA CORPORATION	233,466,000	308,175,120	233,466,000	308,175,120	–	–
SSI	SSI GROUP, INC.	1,400,000	3,178,000	1,400,000	3,178,000	–	–
SUN	SUNTRUST HOME DEVELOPERS, INC.	43,308,000	36,811,800	43,308,000	36,811,800	–	–
TECHW	CIRTEK HOLDINGS PHILIPPINES CORPORATION	6,554,000	1,736,810	6,554,000	1,736,810	–	–
TEL	PLDT INC.	28,475	36,419,525	28,475	36,419,525	–	–
URC	UNIVERSAL ROBINA CORPORATION	85,050	10,052,910	85,050	10,052,910	–	–
VLL	VISTA LAND & LIFESCAPES, INC.	1,500,000	2,520,000	1,500,000	2,520,000	–	–
WLCON	WILCON DEPOT INC.	720,000	–	720,000	–	–	–
		829,470,850	**₱1,087,619,225**	**829,470,850**	**₱1,087,619,225**	–	**₱–**

SCHEDULE VII

STAR ALLIANCE SECURITIES CORP.
SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SRC RULE 68

DECEMBER 31, 2023 AND 2022

Ratio	Formula	2023	2022
Current ratio	Total current assets	**₱677,141,149**	₱732,956,188
	Divided by: Total current liabilities	**35,520,335**	21,164,898
	Current ratio	**19.06:1**	34.63:1
Quick ratio	Quick assets	**₱670,093,761**	₱726,783,680
	Divided by: Total current liabilities	**35,520,335**	21,164,898
		18.87:1	34.34:1
Solvency ratio	After-tax loss before depreciation	**(₱51,856,730)**	(₱73,851,891)
	Divided by: Total liabilities	**38,384,251**	21,164,898
	Solvency ratio	**(1.35):1**	(3.49):1
Debt-to-equity ratio	Total liabilities	**₱38,384,251**	₱21,164,898
	Divided by: Total equity	**726,876,723**	781,643,463
	Debt-to-equity ratio	**0.05:1**	0.03:1
Asset-to-equity ratio	Total assets	**₱765,260,974**	₱802,808,361
	Divided by: Total equity	**726,876,723**	781,643,463
	Asset-to-equity ratio	**1.05:1**	1.03:1
Interest rate coverage ratio	Loss before interest and taxes	**(₱69,484,415)**	(₱89,819,537)
	Divided by: Interest expense	–	–
	Interest rate coverage ratio	–	–
Return on equity	After-tax loss	**(₱54,766,740)**	(₱76,849,121)
	Divided by: Average total equity	**754,260,093**	820,068,024
	Return on equity	**(0.07):1**	(0.09):1
Return on assets	After-tax loss	**(₱54,766,740)**	(₱76,849,121)
	Divided by: Average total assets	**784,034,668**	897,417,764
	Return on assets	**(0.07):1**	(0.09):1
Net profit margin	After-tax loss	**(₱54,766,740)**	(₱76,849,121)
	Divided by: Revenues	**24,051,836**	23,624,094
	Net profit margin	**(2.28):1**	(3.25):1