



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: 0000059462

Company Name: A.T. DE CASTRO SECURITIES CORP

Industry Classification: J66930

Company Type: Stock Corporation

Document Information

Document ID: OST10430202583239414

Document Type: Annual Audited Financial Report

Document Code: SEC_Form_52-AR

Period Covered: December 31, 2024

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

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

ANNUAL AUDITED FINANCIAL REPORT

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

Report for the period beginning January 1, 2024 and ended December 31, 2024.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	A.T. DE CASTRO SECURITIES CORPORATION
Address of Principal Place of Business	Suite 701, Ayala Tower 1 and Exchange Plaza, Ayala Triangle Ayala Avenue, Makati City
Name and Phone Number of Person to Contact in Regard to this Report	
Name: Salud D. De Castro	Tel. No. 848-71-60

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: Rose Angeli S. Bernaldo	Tel. No. 8812-1718 to 24 loc 102
	Fax No. n/a
Address: 18/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Ayala North Makati City	
Certificate Number	114127
PTR Number	10081198
Date Issued	January 09, 2024

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Company TIN: **000-151-360**

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

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**A. T. DE CASTRO SECURITIES CORPORATION
STOCKBROKERS**

Member: Philippine Stock Exchange, Inc.
Suite 1107, 11/F PSE Tower – Bonifacio Global City
28TH Street corner 5th Avenue, Fort Bonifacio
Taguig City, Philippines

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

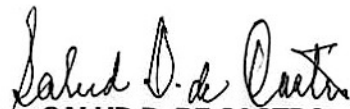
The Management of **A.T. DE CASTRO SECURITIES CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the Philippine Financial Reporting Standards, and 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 going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

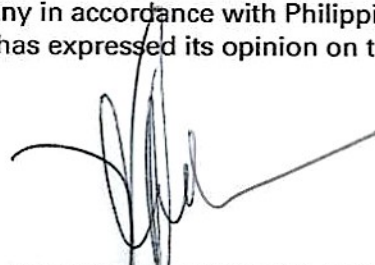
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R.S. Bernaldo & Associates, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



SALUD D. DE CASTRO

Chairman of the Board and President



MARTIN ALEJANDRO D. DE CASTRO
Treasurer

Signed this 26th day of March 2025.



INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
A.T. DE CASTRO SECURITIES CORPORATION
(A Wholly-owned Subsidiary of Grupo Salex Incorporated)
Suite 1107, The PSE Tower, 28th St. cor. 5th Ave
Bonifacio Global City, Taguig

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **A.T. DE CASTRO SECURITIES CORPORATION** (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 audits 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 separate financial statements, including the disclosures, and whether the separate 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations Nos. 15-2010, 19-2011, 34-2020 in Note 30, to the financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **A.T. DE CASTRO SECURITIES CORPORATION**. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



ROSE ANGELI S. BERNALDO

Partner

CPA Certificate No. 114127

BOA/PRC No. 0300/P-006

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 114127-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-001-2023

Valid from October 20, 2023 until October 19, 2026

Tax Identification No. 211-870-290

PTR No. 10481163

Issued on January 15, 2025 at Makati City

March 26, 2024

A.T. DE CASTRO SECURITIES CORPORATION
(A Wholly-owned Subsidiary of Grupo Salex, Incorporated)
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023
(In Philippine Peso)

		2024			2023, as restated		
			Security Valuation			Security Valuation	
	NOTES	Book Value	Long	Short	Book Value	Long	Short
A S S E T S							
Current Assets							
Cash	7	39,699,319			51,244,571		
Trade and other receivables – net	8	1,876,568	278,602,082		2,456,416	110,787,192	
Due from related parties	15	4,261,393			2,584,391		
Financial assets at FVTPL	9	34,983,428			36,220,150		
Prepayments and other current assets	10	940,120			972,310		
		81,760,828			93,477,838		
Non-current Assets							
Property and equipment – net	11	73,584			107,359		
Investment properties – net	12	2,169,208			1,456,097		
Intangible asset	13	396,000			396,000		
Deferred taxes – net	24	4,021,402			2,157,528		
		6,660,194			4,116,984		
TOTAL ASSETS		88,421,022	278,602,082		97,594,822	110,787,192	
S E C U R I T I E S							
In Vault, Transfer Office and Philippine Central Depository, Inc.				2,683,532,942			2,300,793,364
LIABILITIES AND STOCKHOLDERS' EQUITY							
LI A B I L I T I E S							
Current Liability							
Trade and other payables	14	37,928,499	2,404,930,860		48,845,016	2,190,006,172	
Non-current Liability							
Retirement benefit obligation	22	2,605,593			1,974,484		
TOTAL LIABILITIES		40,534,092	2,404,930,860		50,819,500	2,190,006,172	
S T O C K H O L D E R S ' E Q U I T Y							
Capital Stock	16	39,000,000			35,000,000		
Unappropriated Retained Earnings		-			1,295,640		
Appropriated Retained Earnings	17	7,384,055			8,627,762		
Remeasurements – net	22	1,502,875			1,851,920		
TOTAL STOCKHOLDERS' EQUITY		47,886,930			46,775,322		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		88,421,022	2,683,532,942	2,683,532,942	97,594,822	2,300,793,364	2,300,793,364

(See Notes to Financial Statements)

A.T. DE CASTRO SECURITIES CORPORATION
(A Wholly-owned Subsidiary of Grupo Saalex, Incorporated)
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	NOTES	2024	2023
REVENUE	18	3,755,950	3,635,833
DIRECT COSTS	19	4,916,723	4,549,205
GROSS LOSS		(1,160,773)	(913,372)
OTHER INCOME	20	3,295,560	3,305,495
		2,134,787	2,392,123
OPERATING EXPENSES	21	5,214,024	5,399,218
FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	9	(1,236,723)	2,654,650
LOSS BEFORE TAX		(4,315,960)	(352,445)
INCOME TAX EXPENSE (BENEFIT)	23	(1,776,613)	1,984,905
LOSS		(2,539,347)	(2,337,350)
OTHER COMPREHENSIVE INCOME (LOSS)			
ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Remeasurements – net of related tax	22	(349,045)	418,343
TOTAL COMPREHENSIVE LOSS		(2,888,392)	(1,919,007)

(See Notes to Financial Statements)

A.T. DE CASTRO SECURITIES CORPORATION*(A Wholly-owned Subsidiary of Grupo Salex, Incorporated)***STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)

	Notes	Capital Stock	Retained Earnings		Remeasurements – net	Total
			Unappropriated	Appropriated		
Balance at January 1, 2023, <i>as restated</i>		33,000,000	3,632,990	8,627,762	1,433,577	46,694,329
Issuance of shares	16	2,000,000				2,000,000
Loss	17		(2,337,350)			(2,337,350)
Other comprehensive income	22				418,343	418,343
Balance at December 31, 2023, <i>as restated</i>	16,17,22	35,000,000	1,295,640	8,627,762	1,851,920	46,775,322
Issuance of shares	16	4,000,000				4,000,000
Loss	17		(2,539,347)			(2,539,347)
Reversal of appropriation	17		1,243,707	(1,243,707)		-
Other comprehensive loss	22				(349,045)	(349,045)
Balance at December 31, 2024	16,17,22	39,000,000	-	7,384,055	1,502,875	47,886,930

(See Notes to Financial Statements)

A.T. DE CASTRO SECURITIES CORPORATION
(A Wholly-owned Subsidiary of Grupo Salex, Incorporated)
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	NOTES	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(4,315,960)	(352,445)
Adjustments for:			
Fair value loss (gain) on financial assets at FVTPL	9	1,236,723	(2,654,650)
Retirement benefits	19,21,22	194,803	254,687
Depreciation	11,12,19,21	104,130	116,284
Provision for expected credit losses	8,21	28,997	31,346
Write-off of security deposit	10,21	10,621	-
Finance income	7,20	(863,284)	(888,232)
Dividend income	9,20	(2,432,276)	(2,417,263)
Operating cash flows before changes in working capital		(6,036,246)	(5,910,273)
Increase (Decrease) in operating assets:			
Trade and other receivables		550,849	4,201,040
Prepayments and other current assets		21,570	(48,315)
Increase (Decrease) in trade and other payables		(10,916,517)	11,444,326
Cash generated from (used in) operations		(16,380,344)	9,686,778
Dividends received	9,20	2,432,276	2,417,263
Net cash from (used in) operating activities		(13,948,068)	12,104,041
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received	7,20	863,284	888,232
Additions to property and equipment	11	(26,696)	(5,352)
Additions to investment properties	12	(756,770)	-
Advances granted to related parties	15	(1,677,002)	(801,452)
Net cash from (used in) investing activities		(1,597,184)	81,428
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from issuance of shares	16	4,000,000	2,000,000
NET INCREASE (DECREASE) IN CASH		(11,545,252)	14,185,469
CASH AT BEGINNING OF YEAR		51,244,571	37,059,102
CASH AT END OF YEAR		39,699,319	51,244,571

(See Notes to Financial Statements)

A.T. DE CASTRO SECURITIES CORPORATION

(A Wholly-owned Subsidiary of Grupo Saalex, Incorporated)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. CORPORATE INFORMATION

A.T. De Castro Securities Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) with SEC Registration No. 59462 on October 31, 1975. The Company is primarily engaged in stock brokerage business, including but not limited to all kinds of shares, other certificates and bonds and to engage as a dealer in buying and selling of securities of all kinds.

The Company is a wholly-owned subsidiary of Grupo Saalex, Incorporated (the “Parent”), a domestic corporation. The Parent’s registered office address is located at Suite 1107, The PSE Tower, 28th St. cor. 5th Ave., Bonifacio Global City, Taguig.

The Company’s principal place of business and registered office address is also located at the Parent’s registered office address.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term “PFRS” in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Financial Statements

The following new and revised PFRSs have also been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 *Classification of Liabilities as Current or Non-Current* (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments cover the following areas:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
- Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its financial statements, allowing users to assess its financial performance, position, and cash flows.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025, with early application permitted.

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

The amendments cover the following areas:

- Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met, and apply the derecognition option to all settlements made through the same system.

- Classification of financial assets:
 - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
 - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
 - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
- There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

The proposed amendments included in the Exposure Draft *Annual Improvements to PFRS Accounting Standards— Volume 11* relate to:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9, *Financial Instruments*.
- PFRS 7, *Financial Instruments: Disclosures*
 - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued.
 - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

- Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9, *Financial Instruments*
 - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee’s lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
 - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of ‘transaction price’ in PFRS 15 *Revenue from Contracts with Customers* while term ‘transaction price’ is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10, *Consolidated Financial Statements, Determination of a ‘de facto agent’* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7, *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term ‘cost method’ that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 supersedes PAS 1, *Presentation and Disclosure in Financial Statements*. This new standard is a result of IASB’s Primary Financial Statements project, which aimed at improving comparability and transparency of communication in financial statements.

While several sections from PAS 1, have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in financial statements.

The new requirements include:

- Improved comparability in the statement of profit or loss (income statement);
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

Retrospective application is required in both annual and interim financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS accounting standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS accounting standards.

An entity may elect to apply the PFRS 19 if at the end of reporting period:

- It is a subsidiary as defined in PFRS 10 Consolidated Financial Statements;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost.

3.02 Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the Philippine Peso (P), the currency of the primary economic environment in which the Company operates (the “functional currency”).

The Company chose to present its financial statements using its functional currency.

3.03 Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

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

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

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

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

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Company recognizes a financial asset in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

4.02.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset 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.

Financial assets measured at amortized cost include cash in banks, reserve bank accounts, trade and other receivables, due from related parties and refundable deposit presented under 'prepayments and other current assets'.

a) Cash in Banks and Reserve Bank Accounts

Cash in banks and reserve bank accounts pertain to cash deposits held at call with banks that are subject to an insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade and Other Receivables and Due from Related Parties

Trade and other receivables and due from related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

➤ Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset shall be measured at FVTPL or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Financial assets at FVTPL includes held for trading investments.

The Company has no financial asset measured at fair value through other comprehensive income in both years.

4.02.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.04 Impairment

The Company measures expected losses of a financial instrument in a way that reflects:

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

The Company adopted the following approaches in accounting for impairment.

- General Approach

The Company applies general approach to cash in banks, reserve bank accounts, other receivables, due from related parties and refundable deposit presented under 'prepayments and other current assets'. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, inflation and unemployment rates, the status of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company did not apply the 30 days past due rebuttable presumption because the Company determines that there has been no significant increase in credit risk even if collections are more than 30 days past due.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e., there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis.

The Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not because based on the Company's historical experience and aging schedules, a creditor's account will be written-off when they become 365 days past due.

The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

- **Simplified Approach**

The Company always measures the loss allowance for trade receivables. The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.05 Derecognition

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03 Excess tax Credits

Excess tax credits arise from creditable withholding tax certificates obtained from the Company's customers and overpayment of income taxes in prior years. These are accumulated and are reduced when deducted from income tax payables.

4.04 Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Lot is not depreciated. Depreciation of residential unit house is computed using the straight-line method based on the estimated useful lives of 21 years.

Transfers to, or from, investment properties shall be made when, and only when, there is a change in use.

Investment property is derecognized by the Company upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

4.05 Intangible Asset

Intangible asset acquired separately is initially carried at cost.

Intangible asset with indefinite life is not amortized. However, such asset is reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Company considers its Philippine Stock Exchange (PSE) trading rights as having an indefinite useful life for the reason that there is no limit in the period in which the Company may generate cash inflows from this asset.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.06 Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that any of its assets other than deferred tax assets and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.07 Financial Liabilities

4.07.01 Initial Recognition and Measurement

The Company recognizes a financial liability in its statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.07.02 Classification

The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

The Company's financial liability measured at amortized cost pertain to trade and other payables (excluding payable to government agencies).

The Company does not have financial liabilities measured at fair value through profit or loss in both years.

4.07.03 Derecognition

The Company removes a financial liability (or part of a financial liability) from its statements of financial position when, and only when, it is extinguished (i.e., when the obligation in the contract is discharged or cancelled or has expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.08 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity.

4.09 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is 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 an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.10 Employee Benefits

4.10.01 Short-term Employee Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term employee benefits given by the Company to its employees include salaries, wages and bonuses, agent's commission, medical, SSS, PHIC and HDMF contributions.

4.10.02 Post-employment Benefits

The Company has an unfunded and noncontributory defined retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost, past service cost, and net interest on defined benefit asset/liability. Remeasurements which include cumulative actuarial gains and losses, return on plan assets, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and are also presented under equity in the statements of financial position.

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

Past-service costs are recognized immediately in profit or loss.

The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated by an independent actuary using the PUCM.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4.11 Revenue Recognition

The Company recognizes revenue when the Company satisfies a performance obligation by transferring a promised good or service (i.e., asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.11.01 Performance Obligations Satisfied Over Time

The Company's revenue from commissions on stock brokerage services is recognized over time. The Company transfers control of a service over time and, therefore, satisfies a performance obligation and recognizes revenue over time when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

Commission income is recognized upon confirmation of the buying and selling transaction. Commission rates charged differ from one client to another, but should not be below the minimum commission of ₱20 and above the maximum commission of 1.5% set by PSE and SEC.

Per Securities Regulation Code (SRC) Rule 30.2, the following minimum commission rates apply:

Transaction Value	Commission Rate
> ₱100M and below	0.00250
> ₱100M up to ₱500M	0.00150 but not less than ₱250K
> ₱500M up to ₱1B	0.00125 but not less than ₱750K
> ₱1B up to ₱5B	0.00100 but not less than ₱1.25M
> ₱5B up to ₱10B	0.00075 but not less than ₱5M
> ₱10B	0.00050 but not less than ₱7.5M

4.11.02 Principal versus Agent Considerations

The Company should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Company determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e., the Company is a principal) or to arrange for the other party to provide those services (i.e., the Company is an agent).

The Company is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Company is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.11.03 Dividend Income and Finance Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Finance income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.12 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

The Company recognizes expenses in the statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.13 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.14 Taxation

Income tax expense represents the sum of the current and deferred taxes.

4.14.01 Current Tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.14.02 Deferred Taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-Over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO 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 time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.14.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.15 Prior Period Errors

The Company corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by: (a) restating the comparative amounts for the prior period presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

4.16 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are disclosed in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognized in financial statements.

5.01.01 Assessment of Contractual Terms of a Financial Asset

The Company determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of all its financial assets (except financial assets at FVTPL) are payments of principal and interest that is consistent with the basic lending arrangements. As of December 31, 2024 and 2023, financial assets measured at amortized cost amounted to P45,835,280 and P56,293,999, respectively, as disclosed in Note 26.02.

5.01.02 Assessment of Timing of Satisfaction of Performance Obligations

The Company satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

Management assessed that its performance obligation from stock brokering is satisfied over time.

Revenue earned on commissions from stock brokerage services is recognized over time when the Company transfers control of a service over time and, therefore, satisfies a performance obligation and when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

In 2024 and 2023, revenue earned on commissions from stock brokerage services amounted to P3,755,950 and P3,635,833, respectively, as disclosed in Note 18.

5.01.03 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that the transaction price for each contract with clients need not be allocated since there is revenue from commissions on stock brokerage services.

5.01.04 Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risks occurs on its financial assets based on its credit management practice.

Management believes that the 30 days rebuttable presumption is not applicable since based on Company's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.05 Assessment of 90 Days Rebuttable Presumption

The Company determines when a default occurs on its financial assets based on its credit management practice of the Company.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable because based on the Company's historical experience and aging schedules, a creditor's account will be written-off when they become 365 days past due.

5.01.06 Distinction between Property and Equipment and Investment Properties

The Company determines whether a property qualifies as an investment property. In making its judgments, the Company considers whether the property generates cash flows largely independent of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

The Company classified its residential unit house and lot property as investment properties because these are held for capital appreciation. Accordingly, the carrying amounts of investment properties amounted to P2,169,208 and P1,456,097 as of December 31, 2024 and 2023, respectively, as disclosed in Note 12.

5.01.07 Assessment of Principal-Agency Arrangement

The Company determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e., the Company is a principal) or to arrange for the other party to provide those services (i.e., the Company is an agent).

In 2024 and 2023, the Company assessed that it is acting as an agent and recognized commission income from agency relationship amounting to P3,755,950 and P3,635,833, respectively, as disclosed in Note 18.

5.02 Key Sources of Estimation of Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment and Investment Properties

The residual values, useful lives and depreciation method of the Company's property and equipment and investment properties are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use.

In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment properties would increase the recognized operating expenses and decrease non-current assets.

The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the Company shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no significant changes in the residual values, useful lives and depreciation method used from previous estimates since the most recent annual reporting period. As of December 31, 2024 and 2023, the aggregate carrying amounts of depreciable property and equipment and investment properties amounted to P1,179,618 and P500,282, respectively, as disclosed in Notes 11 and 12.

5.02.02 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Asset

PSE trading rights are assessed to have indefinite life and are not amortized. However, such assets are reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present.

In both years, Management assessed that events and circumstances continue to support an indefinite useful life for its PSE trading rights. In both years, PSE trading rights amounted to P396,000 as disclosed in Note 13.

5.02.03 Asset Impairment

Impairment review is performed when certain impairment indicators are present. Determining the fair value of prepayments and other current assets (except refundable deposit), property and equipment, intangible asset and investment properties requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. In assessing value in use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

In addition, intangible asset with indefinite useful life is required to test impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

In both years, Management believes that there is no indication of impairment in the aforementioned assets. In both years, Management believes that the recoverable amount of its PSE trading rights approximates its carrying amount, hence, no impairment loss is recognized. As of December 31, 2024 and 2023, the aggregate carrying amounts of the aforementioned assets amounted to P3,578,912 and P2,921,145, respectively, as disclosed in Notes 10, 11, 12 and 13.

5.02.04 Deferred Tax Assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets 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 prior to expiration.

In both years, the Company believes that it will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized. As of December 31, 2024 and 2023, the Company's deferred tax assets amounted to P4,021,402 and P2,688,458, respectively, as disclosed in Note 24.

5.02.05 Estimating Allowance for Expected Credit Losses on Financial Assets

The Company transacts only with individuals referred by existing or previous clients. It is the policy of the Company to know and keep essential financial records of its clients. The Company assesses creditworthiness of the client before entering a new trade transaction. The Company also assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact to clients.

The Company determined that counterparty banks and Securities Clearing Corporation of the Philippines (SCCP) have low-credit risk or considered as investment grade and the probability of default is very immaterial. Hence, no provision for expected credit loss was recognized in both years.

In both years, the Company assessed that the application of PFRS 9 has minimal impact on the recorded allowance for expected credit losses as of reporting dates; hence, no additional provision was made. The Company assessed that certain receivable are doubtful as to collection, hence, a provision for expected credit losses amounting to P28,997 and P31,346 were recognized in 2024 and 2023, respectively, as disclosed in Notes 8 and 21. Allowance for expected credit losses amounted to P451,155 and P422,158 as of December 31, 2024 and 2023, respectively, as disclosed in Notes 8 and 26.02.

Other financial assets are immaterial. Hence, Management believes that expected credit loss is immaterial.

As of December 31, 2024 and 2023, the aggregate carrying amounts of financial assets measured at amortized cost amounted to P45,835,280 and P56,293,999, respectively, as disclosed in Note 26.02. Management believes that the allowance provided is sufficient to cover future losses.

5.02.06 Post-employment Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with the PFRS, actual results that differ from the assumptions are accumulated and recognized directly in other comprehensive income as remeasurements.

In both years, the Company believes that the assumptions are reasonable and appropriate, thus, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations. In 2024 and 2023, retirement benefits amounted to P194,803 and P254,687, respectively, as disclosed in Notes 19, 21 and 22. In 2024 and 2023, the Company recognized remeasurement loss and gain amounting to P349,045 and P418,343, respectively. As of December 31, 2024 and 2023, retirement benefit obligation amounted to P2,605,593 and P1,974,484, respectively, as disclosed in Note 22. As of December 31, 2024 and 2023, remeasurement on retirement benefit obligation amounted to P1,502,875 and P1,851,920, respectively, as disclosed in Note 22.

6. OFFSETTING OF FINANCIAL INSTRUMENTS

The following are the quantitative information for recognized financial assets and liabilities:

		Gross carrying amount (before offsetting)		Gross amount set off		Net amount presented in trade and other receivables, and trade and other payables
December 31, 2024						
Financial asset						
Receivable from clearing house (Notes 8 and 14)	P	638,463,508	P	(638,463,508)	P	-
Financial liability						
Payable to clearing house (Notes 8 and 14)		638,855,178		(638,463,508)		391,670
December 31, 2023						
Financial asset						
Receivable from clearing house (Notes 8 and 14)	P	695,868,496	P	(693,962,726)	P	1,905,770
Financial liability						
Payable to clearing house (Notes 8 and 14)		693,962,726		(693,962,726)		-

Payable to clearing house should be paid within two (2) days after the transaction date. Otherwise, the Company will be considered in default and will be charged with penalties.

7. CASH

For the purpose of the statements of cash flows, cash includes petty cash fund, cash in banks and reserve bank accounts.

Cash at the end of the reporting periods as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

		2024		2023
Petty cash fund	P	2,000	P	2,000
Cash in banks		7,333,927		8,925,554
Reserve bank accounts		32,363,392		42,317,017
	P	39,699,319	P	51,244,571

SRC Rule 49.2, Customer Protection Reserves and Custody of Securities requires every broker dealer to maintain at all times a special reserve bank account for the exclusive benefit of the customers which shall be separate from any other bank account of the broker-dealer. Withdrawals may be made from the reserve bank accounts to the extent that at the time of the withdrawals, the amount remaining in the reserve bank accounts are not less than the required minimum balance.

The effective interest rates on bank deposits are 4.125% on the reserve bank account and 0.25% on other bank accounts in both years. Finance income on reserved bank accounts and cash in banks account amounted to P863,284 and P888,232 in 2024 and 2023, respectively, as disclosed in Note 20.

The Company did not consider the recognition of expected credit loss on cash in banks due to the assessed minimal credit risk on liquid funds based on the liquidity and the profitability ratios of the banks.

8. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables consist of:

		2024		2023
Trade	P	1,820,094	P	665,648
Allowance for expected credit losses		(451,155)		(422,158)
		1,368,939		243,490
Receivable from clearing house (Note 6)		-		1,905,770
Others		507,629		307,156
	P	1,876,568	P	2,456,416

The average credit period on sales of trading securities is two (2) trading days. No interest is charged on trade receivable.

Receivable from clearing house pertains to the net-selling transactions (i.e., amount of selling transactions less buying transactions) for the last two (2) days of the year, which will be settled in two (2) trading days following the date of the transaction.

As of December 31, 2024 and 2023, aggregate offset to receivable to clearing house amounted to P638,463,508 and P693,962,726, which was offset against receivable from clearing house as disclosed in Notes 6 and 14.

The Company holds the securities owned by the customers as collateral over these balances.

The Company's trade receivables as of December 31, 2024 and 2023, arising from its security valuation are as follows:

2024					
Security Value of Debit Balances					
	Debit Balances	Long	Short	Company Exposure	
Cash and fully secured accounts:					
More than 250%	P 1,221,410	P 278,370,037	P -	P	-
Between 200% and 250%	7,102	14,841	-		-
Between 150% and 200%	3,015	5,722	-		-
Between 100% and 150%	39,129	54,993	-		-
Less than 100%	388,954	156,489	-		232,465
Unsecured accounts	160,484	-	-		160,484
	P 1,820,094	P 278,602,082	P -	P	392,950
2023					
Security Value of Debit Balances					
	Debit Balances	Long	Short	Company Exposure	
Cash and fully secured accounts:					
More than 250%	P 109,188	P 110,578,402	P -	P	-
Between 200% and 250%	4,373	10,315	-		-
Between 150% and 200%	5,221	9,506	-		-
Between 100% and 150%	400	600	-		-
Less than 100%	395,188	188,369	-		206,819
Unsecured accounts	151,278	-	-		151,278
	P 665,648	P 110,787,192	P -	P	358,097

Movements in the allowance for expected credit losses are as follows:

	2024	2023
Balance, January 1	P 422,158	P 390,812
Provision for expected credit losses (Note 21)	28,997	31,346
Balance, December 31	P 451,155	P 422,158

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair values of these equity securities are determined by reference to published price quotations in the PSE.

The Company's financial assets at FVTPL are as follows:

	2024	2023
<i>Outside PSE Index:</i>		
The Philippine Stock Exchange	P 34,390,800	P 35,649,000
Chelsea Logistics and Infrastructure Holdings Corp.	163,750	187,500
Steniel Manufacturing Corporation	1,178	150
	34,555,728	35,836,650
<i>Inside PSE Index:</i>		
GT Capital Holdings Inc.	427,700	383,500
	P 34,983,428	P 36,220,150

The listed securities above represent opportunities for return through dividend income and trading gains.

Fair value loss and gain on financial assets at FVTPL amounted to P1,236,723 and P2,654,650 in 2024 and 2023, respectively, as presented separately in the statements of comprehensive income.

In 2024 and 2023, the Company received cash dividend for all the shares amounting to P2,432,276 and P2,417,263, respectively, as disclosed in Note 20.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current assets are shown below:

	2024	2023
Prepayments	P 196,525	P 232,032
Excess tax credits	743,595	729,657
Refundable deposit	-	10,621
	P 940,120	P 972,310

Prepayments pertain to prepaid insurance, rent and association dues of the Company.

Excess tax credits arise from creditable withholding tax certificates obtained from the Company's customers and the overpayment of income taxes in prior years. These are accumulated and are reduced when applied against income tax payables.

In 2024, the Company decided to write-off its refundable deposit pertaining to parking fee of the Company's old office amounting to P10,621, as disclosed in Note 21, since it was deemed uncollectible.

11. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company's property and equipment are as follows:

	Condominium Unit		Furniture and Equipment		Transportation Equipment		Office Improvements		Total
January 1, 2023									
Cost	₱	14, 208,933	₱	2,799,368	₱	5,508,560	₱	450,570	22,967,431
Accumulated depreciation		(14,208,933)		(2,624,736)		(5,508,560)		(450,570)	(22,792,799)
Carrying amount		-		174,632		-		-	174,632
Movements during 2023									
Balance, January 1		-		174,632		-		-	174,632
Additions		-		5,352		-		-	5,352
Depreciation		-		(72,625)		-		-	(72,625)
Balance, December 31		-		107,359		-		-	107,359
December 31, 2023									
Cost		14,208,933		2,804,720		5,508,560		450,570	22,972,783
Accumulated depreciation		(14,208,933)		(2,697,361)		(5,508,560)		(450,570)	(22,865,424)
Carrying amount		-		107,359		-		-	107,359
Movements during 2024									
Balance, January 1		-		107,359		-		-	107,359
Additions		-		26,696		-		-	26,696
Depreciation		-		(60,471)		-		-	(60,471)
Balance, December 31		-		73,584		-		-	73,584
December 31, 2024									
Cost		14,208,933		2,831,416		5,508,560		450,570	22,999,479
Accumulated depreciation		(14,208,933)		(2,757,832)		(5,508,560)		(450,570)	(22,925,895)
Carrying amount	₱	-	₱	73,584	₱	-	₱	-	73,584

In 2024 and 2023, additions amounting to P26,696 and P5,352, respectively, were paid in cash.

Depreciation is allocated as follows:

		2024		2023
Direct costs (Note 19)	P	36,282	P	43,574
Operating expenses (Note 21)		24,189		29,051
	P	60,471	P	72,625

In 2024 and 2023, fully depreciated transportation equipment, office improvements, and condominium unit are still in use.

In both years, the Company has determined that there is no indication that impairment has occurred on its property and equipment.

12. INVESTMENT PROPERTIES – net

This account pertains to a residential unit house and lot located at Marian Lakeview Park Executive Homes in Barangay San Martin de Porres, Parañaque City.

The investment properties are held for capital appreciation and are carried at cost less accumulated depreciation and impairment loss.

The carrying amounts of the Company's investment properties are as follows:

	Residential Unit House	Lot	Total
January 1, 2023			
Cost	P 916,826	P 1,063,174	P 1,980,000
Accumulated depreciation	(480,244)	-	(480,244)
Carrying amount	436,582	1,063,174	1,499,756
Movements during 2023			
Balance, January 1, 2023	436,582	1,063,174	1,499,756
Depreciation	(43,659)	-	(43,659)
Balance, December 31, 2023	392,923	1,063,174	1,456,097
December 31, 2023			
Cost	916,826	1,063,174	1,980,000
Accumulated depreciation	(523,903)	-	(523,903)
Carrying amount	392,923	1,063,174	1,456,097
Movements during 2024			
Balance, January 1, 2024	392,923	1,063,174	1,456,097
Additions	756,770	-	756,770
Depreciation	(43,659)	-	(43,659)
Balance, December 31, 2024	1,106,034	1,063,174	2,169,208
December 31, 2024			
Cost	1,673,596	1,063,174	2,736,770
Accumulated depreciation	(567,562)	-	(567,562)
Carrying amount	P 1,106,034	P 1,063,174	P 2,169,208

In 2024 and 2023, additions amounting to P756,770 and nil, respectively, were paid in cash. In both years, the aggregate fair value of the investment properties amounted to P4,247,750. The fair value of the Company's investment properties has been determined on the basis of a valuation as of December 31, 2021 and was carried out by ATA Realty & Engineering Services. The valuation was arrived by reference to Professional Valuation Standard.

Depreciation is allocated as follows:

	2024	2023
Direct costs (Note 19)	P 26,196	P 26,196
Operating expenses (Note 21)	17,463	17,463
	P 43,659	P 43,659

In both years, the Company determined that there is no indication that impairment occurred on its investment properties.

13. INTANGIBLE ASSET

In both years, the Company's intangible asset pertains to PSE Trading Rights amounting to P396,000.

The Company determined that there is no indication that impairment occurred on its intangible asset in both years.

13.01 PSE Trading Rights

Republic Act No. 8799 entitled "Securities Regulation Code" prescribes the conversion of the PSE into a stock corporation on August 8, 2001 pursuant to a conversion plan approved by the SEC.

As a result of the conversion plan and on the basis of the relative fair values of the PSE and the trading rights as of the time of demutualization, the Company's membership in the stock exchange, originally amounting to P1,000,000 was subdivided and presented in the financial statements as investments at FVTPL (56%) and PSE trading rights (44%), amounting to P560,000 and P440,000, respectively, in 2013.

There is no impairment in PSE trading rights' value for both years. Trading rights, as the subject of the most recent sale approved by the PSE Board of Directors on December 14, 2011, amounted to P8,500,000. This is based on the certification dated March 4, 2014, issued to the Company by the Philippine Stock Exchange, Inc. – Market Regulation Division.

14. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

		2024		2023
Trade	P	37,105,961	P	48,343,934
Payable to clearing house		391,670		-
Payable to government agencies		32,715		141,696
Others		398,153		359,386
	P	37,928,499	P	48,845,016

Trade payables are non-interest bearing and are normally paid within two (2) days after the trading date.

As of December 31, 2024 and 2023, trade includes payable to stockholders amounting to P946,071 and nil, respectively, as disclosed in Note 15.

Payable to clearing house pertains to the net-buying transactions (i.e., amount of buying transactions less selling transactions) for the last two (2) days of the year, which will be settled in two (2) trading days following the date of the transaction. As of December 31, 2024 and 2023, aggregate offset to receivable to clearing house amounted to P638,463,508 and P693,962,726, which was offset against receivable from clearing house, as disclosed in Notes 6 and 8.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Company's trade payables as of December 31, 2024 and 2023 consists of the following:

	2024				2023			
	Credit Balances		Security Valuation/ Long		Credit Balances		Security Valuation/ Long	
Free balance								
With money balance	P	37,105,961	P	1,563,177,651	P	48,343,934	P	1,468,971,695
No money balance		-		841,753,209		-		721,034,477
	P	37,105,961	P	2,404,930,860	P	48,343,934	P	2,190,006,172

15. RELATED PARTY TRANSACTIONS

Nature of relationship of the Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
Grupo Salex, Incorporated (GSI)	Parent
Officers	Members of Key Management Personnel

Balances and transactions between the Company and its related parties are disclosed below:

15.01 Due from Related Parties

Balance of due from related parties is summarized per category as follows:

	2024		2023	
Parent	P	2,678,969	P	2,143,607
Members of key management personnel		1,582,424		440,784
	P	4,261,393	P	2,584,391

15.01.01 Parent

Transactions and balances with the Parent are detailed as follows:

	December 31, 2024		December 31, 2023	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
GSI				
Advances	P 535,362	P 2,678,969	P 711,749	P 2,143,607

Advances pertain to the amount paid by the Company for legal expenses, professional fees, and miscellaneous expenses on behalf of the Parent.

These are unsecured, non-interest bearing, collectible on demand, and will be collected in cash. No guarantees have been received in respect of these advances. No provisions have been made for expected credit losses in respect of the amounts owed by the Parent.

15.01.02 Members of Key Management Personnel

Transactions with the members of key management personnel and balances of advances to officers are detailed as follows:

	December 31, 2024		December 31, 2023	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Officers				
Advances	P 1,141,640	P 1,582,424	P 89,703	P 440,784

Advances represent unsecured, non-interest-bearing cash advances to officers, mainly to finance their personal use. The amounts outstanding are collectible on demand, and will be settled in cash. No guarantees have been received in respect of these advances. No provisions have been made for expected credit losses in respect of the amounts owed by officers.

15.02 Buying and Selling Transactions

Buying and selling transactions of officers are set out below:

	December 31, 2024		December 31, 2023	
	Amounts/ Volume	Outstanding Balance	Amounts/ Volume	Outstanding Balance
Officers				
Buying	P 22,816,411	P -	P 13,362,429	P -
Selling	27,325,917	946,071	15,254,023	-
	P 50,142,328	P 946,071	P 28,616,452	P -

As of December 31, 2024 and 2023, trade payable to stockholders amounted to P946,071 and nil, respectively, as disclosed in Note 14.

15.03 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel of the Company is set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*:

	2024	2023
Short-term benefits	P 820,068	P 661,000
Defined benefit cost		
Recognized in profit or loss	54,967	71,189
Recognized in OCI	123,111	(146,166)
	P 998,146	P 586,023

16. CAPITAL STOCK

The capital stock of the Company are as follows:

	2024		2023	
	Shares	Amount	Shares	Amount
Ordinary shares – P100 par value	500,000	P 50,000,000	500,000	P 50,000,000
Issued and outstanding				
Balance, January 1	350,000	P 35,000,000	330,000	P 33,000,000
Issuances of shares	40,000	4,000,000	20,000	2,000,000
Balance, December 31	390,000	P 39,000,000	350,000	P 35,000,000

Ordinary shares carry one (1) vote per share and a right to dividends.

17. RESERVES

The following are among the reserve fund requirement provisions under Rule 49.1 (B) of SEC Memorandum Circular No. 16 (2004 series), Part I: Adoption of the Risk-based Capital Adequacy (RBCA) Requirement Ratio Framework for all registered Brokers Dealers in accordance with the SRC:

- Every dealer broker shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the Appropriated Retained Earnings account in accordance with the balance of its Unimpaired Paid-Up Capital;
- Consistent with the general usage under SRC Rule 28.1, the term “Unimpaired Paid-Up Capital” shall refer to the firm’s Total Paid Up Capital less any deficiency in the Retained Earnings account”;
- The amount appropriated shall not be available for the payment of dividends; and
- Where in any financial year the Broker Dealer’s paid-up capital is impaired, the Broker Dealer is required to transfer from Appropriated Retained Earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out should not be available for payment of dividend.

In accordance with the provisions of this Circular, no appropriation was made in both years since the Company’s operation resulted to loss.

Retained earnings to be appropriated is computed as follows:

Unimpaired Paid-Up Capital	Minimum percentage of profit after tax to be placed in the Appropriated Retained Earnings
Between P10M – P30M	30%
Between P30M – P50M	20%
More than P50M	10%

In both years, the Company incurred losses amounting to P2,539,347 and P2,337,350, respectively, which resulted to the decline in the Company's unappropriated retained earnings. Hence, in 2024 and 2023, the Board of Directors approved the reversal of appropriated retained earnings amounting to P1,243,707 and nil, respectively, to wipe out the deficit.

As of December 31, 2024 and 2023, appropriated retained earnings amounted to P7,384,055 and P8,627,762, respectively.

18. REVENUE

The Company's revenue earned on commissions from stock brokerage services rendered to customers amounted to P3,755,950 and P3,635,833 in 2024 and 2023, respectively.

The Company charges its clients for the buying and selling of securities at rates ranging from 0.15% to 0.25% based on transaction value.

19. DIRECT COSTS

The following is an analysis of the Company's direct costs:

		2024		2023
Salaries, wages and bonuses (Note 22)	P	2,151,456	P	2,053,408
Agent's commission (Note 22)		953,830		814,941
Stock exchange fees and dues		528,194		371,220
SSS, PHIC, and HDMF contributions (Note 22)		209,998		197,366
Postage, telephone and telegraph		196,461		195,856
Membership dues and subscription		145,406		227,627
Transportation and travel		121,959		91,469
Retirement benefits (Note 22)		116,882		152,812
Depreciation (Notes 11 and 12)		62,478		69,770
Power, light and water		61,232		110,738
Office supplies		55,579		76,157
Others		313,248		187,841
	P	4,916,723	P	4,549,205

Stock exchange fees and dues pertain to payments of the Company in connection with the acquisition and disposition of securities. These fees encompass transaction costs incurred during trading activities.

20. OTHER INCOME

Components of other income are as follows:

		2024		2023
Dividend income (Note 9)	P	2,432,276	P	2,417,263
Finance income (Note 7)		863,284		888,232
	P	3,295,560	P	3,305,495

21. OPERATING EXPENSES

The account is composed of the following expenses:

		2024		2023
Salaries, wages and bonuses (Note 22)	P	1,346,076	P	1,368,939
Medical (Note 22)		688,034		885,069
Professional fees		678,600		370,636
Condominium fees		464,510		766,030
Representation and entertainment		402,963		472,078
Postage, telephone and telegraph		294,691		293,784
Taxes and licenses		256,898		243,955
SSS, PHIC, and HDMF contributions (Note 22)		139,999		131,578
Penalties		134,455		16,448
Repairs and maintenance		110,100		115,473
Power, light and water		91,848		166,107
Retirement benefits (Note 22)		77,921		101,875
Insurance		75,874		70,535
Fuel and oil		53,777		37,255
Depreciation (Notes 11 and 12)		41,652		46,514
Office supplies		37,052		50,771
Provision for expected credit losses (Note 8)		28,997		31,346
Meetings and conferences		27,812		61,732
Transportation and travel		28,035		23,724
Others		234,730		145,369
	P	5,214,024	P	5,399,218

Professional fees pertain to the payment made by the Company for legal services related to estate settlement.

Condominium fees pertain to the monthly dues paid by the Company for its condominium unit.

Others include bank charges, notaries and advertising. It also pertains to the write-off of refundable deposit amounting to P10,261, as disclosed in Note 10.

22. EMPLOYEE BENEFITS

Aggregate employee benefits expense comprised of the following, as disclosed in Notes 19 and 21:

		2024		2023
Short-term benefits (Note 22.01)	P	5,489,393	P	5,451,301
Retirement benefits (Note 22.02)		194,803		254,687
	P	5,684,196	P	5,705,988

22.01 Short-term Employee Benefits

Short-term employee benefits are composed of the following:

		2024		2023
Salaries, wages and bonuses (Notes 19 and 21)	P	3,497,532	P	3,422,347
Agent's commission (Note 19)		953,830		814,941
Medical		688,034		885,069
SSS, PHIC, and HDMF contributions (Notes 19 and 21)		349,997		328,944
	P	5,489,393	P	5,451,301

22.02 Post-employment Benefits

The Company has an unfunded, non-contributory retirement plan covering substantially all of its officers and employees. The Company has a single retirement plan under the regulatory framework of the Philippines. Under the Republic Act (R.A.) No. 7641, "The Retirement Pay Law," the Company is legally obliged to provide minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Company's retirement plan is aligned in this framework. Under the plan, the employees are entitled to retirement benefits varying between twenty-two and one-half (22.5) days' pay for every year of credited service on attainment of retirement age of sixty (60) years but not beyond sixty-five (65) years while early retirement age is fifty (50) and with ten (10) years of credited service. Payments for the unfunded benefits are borne by the Company as it falls due.

The most recent actuarial valuations of the present value of the DBO were carried out on March 6, 2025 by E. M. Zalamea Actuarial Services, Inc. The present value of the DBO, and the related current service cost and past service cost, were measured using the PUCM.

The principal assumptions used for the purposes of the actuarial valuations in 2024 and 2023 are as follows:

	2024	2023
Discount rate	6.10%	6.06%
Expected rate of salary increase	2.00%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age of sixty (60).

	2024	2023
Retiring beyond twenty (20) years after the reporting period		
Male	5	5

The sensitivity analysis of the DBO of changes in the weighted principal assumption is as follows:

	Impact on Defined Benefit Obligation (DBO)		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2024			
Discount rate	100 bps	Decrease by 4.9%	Increase by 5.4%
Salary increase rate	100 bps	Increase by 5.5%	Decrease by 6.5%
2023			
Discount rate	100 bps	Decrease by 5.8%	Increase by 6.4%
Salary increase rate	100 bps	Increase by 6.5%	Decrease by 6.0%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to significant actuarial assumptions, the same method (present value of the DBO calculated with the PUCM at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Assumed life expectancy is not applicable because under the Company's Retirement Plan, benefits are paid in lump sum upon retirement of an employee.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows. Amounts recognized in profit or loss in respect of these defined benefit plans, as disclosed in Notes 19 and 21 are as follows:

		2024		2023
Current service cost	P	75,149	P	94,332
Interest cost		119,654		160,355
	P	194,803	P	254,687

The retirement benefit expense is allocated as follows:

		2024		2023
Direct costs (Note 19)	P	116,882	P	152,812
Operating expenses (Note 21)		77,921		101,875
	P	194,803	P	254,687

Reconciliation of remeasurements recognized in other comprehensive income is as follows:

	Gain (Loss) Balance at January 1, 2023	Amount recognized during the year	Gain (Loss) Balance at December 31, 2023	Amount recognized during the year	Gain (Loss) Balance at December 31, 2024
Change on demographic assumption	P 1,676,234	P 602,546	P 2,278,780	P (286,393)	P 1,992,387
Change on financial assumption	1,147,797	(124,126)	1,023,671	5,396	1,029,067
Experience adjustment	(1,032,059)	44,508	(987,551)	(155,309)	(1,142,860)
Remeasurements	1,791,972	522,928	2,314,900	(436,306)	1,878,594
Tax Effect (Note 24)	(358,395)	(104,585)	(462,980)	87,261	(375,719)
Remeasurement gain (Loss) – net	P 1,433,577	P 418,343	P 1,851,920	P (349,045)	P 1,502,875

As of December 31, 2024 and 2023, retirement benefit obligation included in the statements of financial position arising from the Company's obligation in respect of its defined benefit plans amounted to P2,605,593 and P1,974,484, respectively.

Movements in the present value of the DBO in both periods were as follows:

	2024	2023
Balance, January 1	P 1,974,484	P 2,242,725
Current service cost	75,149	160,355
Interest cost	119,654	94,332
Change in financial assumptions	(5,396)	124,126
Experience adjustment	155,309	(44,508)
Change in demographic assumptions	286,393	(602,546)
Balance, December 31	P 2,605,593	P 1,974,484

The Company operates an unfunded defined benefit plan wherein benefit payments are borne by the Company. Thus, the Company maintains appropriate level of liquidity to meet currently maturing DBO and has established a level of solvency ratio aimed to pay for long term DBO.

The Company's retirement plan is still unfunded, there are no plan assets to match against the plan liabilities.

Expected maturity analysis of undiscounted benefit obligation is as follows:

		Less than five (5) years		More than five (5) years
2024	P	997,888	P	2,681,424
2023	P	338,510	P	2,637,558

Asset-liability Matching Strategies to Manage Risks

The Company does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the retirement obligation.

Funding Arrangements

The Company does not have a formal retirement plan, benefit claims under the retirement obligation are paid directly by the Company when they become due.

The Company is exposed to a number of risks through its defined benefit plan. The most significant risks are detailed below:

Volatility Risk

The plan liabilities are calculated using a discount rate from government bonds to create virtual zero-coupon bonds as of the valuation dates. The government bonds represent investments in the Philippine government securities only.

The Company intends to reduce the level of volatility risk by maintaining an appropriate level of liquidity and solvency to match the liabilities.

Inflation Risk

Payments for the defined benefit plan of the Company are not linked to inflation, thus, the exposure to this risk is immaterial.

23. INCOME TAXES

23.01 Income Tax Recognized in Profit or Loss

Income tax benefit and expense in 2024 and 2023 pertains to deferred taxes recognized in profit or loss amounting to P1,776,613 and P1,984,905, respectively, as disclosed in Note 24.

A numerical reconciliation between tax expense (benefit) and the product of accounting loss multiplied by the tax rates in 2024 and 2023, respectively is as follows:

		2024		2023
Accounting loss	P	(4,315,960)	P	(352,445)
Tax benefit at 20%		(863,192)		(70,489)
Tax effects of:				
Non-deductible expenses		239,701		267,446
Expiration of DTA on MCIT		36,920		33,414
Finance income subject to final tax		(172,657)		(177,646)
Dividend income exempt from taxation		(486,455)		(483,453)
Reversal of prior year deferred taxes on unrealized fair market value adjustment on FA at FVTPL		(530,930)		2,415,633
	P	(1,776,613)	P	1,984,905

Details of NOLCO in 2022 to 2024 are as follows:

Year Incurred		Amount		Expired		Unapplied	Expiry Date
2022	P	2,676,849	P	-	P	2,676,849	2025
2023		4,689,320		-		4,689,320	2026
2024		4,952,483		-		4,952,483	2027
	P	12,318,652	P	-	P	12,318,652	

Details of NOLCO covered by Revenue Regulations No. 25-2020 is as follows:

Year Incurred		Amount		Expired		Unapplied	Expiry Date
2020	P	2,680,818	P	-	P	2,680,818	2025
2021		711,881		-		711,881	2026
	P	3,392,699	P	-	P	3,392,699	

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

Details of Company's excess MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred		Amount		Expired		Unapplied	Expiry Date
2020	P	33,414	P	33,414	P	-	2023
2021		36,920		36,920		-	2024
2022		20,436		-		20,436	2025
	P	90,770	P	70,334	P	20,436	

24. DEFERRED TAXES – net

Below is the table for the offsetting of deferred tax assets and deferred tax liability:

		2024		2023
Deferred tax assets (Note 24.01)	P	4,021,402	P	2,688,458
Deferred tax liability (Note 24.02)		-		(530,930)
	P	4,021,402	P	2,157,528

24.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

		Retirement Benefit Obligation	Allowance for Expected Credit Losses	MCIT	NOLCO	Unrealized FMV Loss on FA at FVTPL	Total
January 1, 2023	P	448,544 P	78,162 P	90,770 P	1,213,909 P	2,415,633 P	4,247,018
Recognized in P/L (Note 23)		50,938	6,270	(33,414)	937,864	(2,415,633)	(1,453,975)
Recognized in OCI (Note 22)		(104,585)	-	-	-	-	(104,585)
December 31, 2023		394,897	84,432	57,356	2,151,773	-	2,688,458
Recognized in P/L (Note 23)		38,961	5,800	(36,920)	990,497	247,345	1,245,683
Recognized in OCI (Note 22)		87,261	-	-	-	-	87,261
December 31, 2024	P	521,119 P	90,232 P	20,436 P	3,142,270 P	247,345 P	4,021,402

24.02 Deferred Tax Liability

The Company's deferred tax liability and its respective movements are as follows:

		Unrealized gain on remeasurement of FA at FVTPL
January 1, 2023	P	-
Recognized to profit or loss for the period (Note 23)		530,930
December 31, 2023		530,930
Recognized to profit or loss for the period (Note 23)		(530,930)
December 31, 2024	P	-

25. FAIR VALUE MEASUREMENTS

25.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2024 and 2023 are presented below:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash	P 39,699,319	P 39,699,319	P 51,244,571	P 51,244,571
Trade and other receivables	1,876,568	1,876,568	2,456,416	2,456,416
Due from related parties	4,261,393	4,261,393	2,584,391	2,584,391
Financial assets at FVTPL	34,983,428	34,983,428	36,220,150	36,220,150
Refundable deposit	-	-	10,621	10,621
	P 80,820,708	P 80,820,708	P 92,516,149	P 92,516,149
Financial Liabilities:				
Trade payables	37,105,961	37,105,961	48,343,934	48,343,934
Payable to clearing house	391,670	391,670	-	-
Others	398,153	398,153	359,385	359,385
	P 37,895,784	P 37,895,784	P 48,703,319	P 48,703,319

The fair values of financial assets and financial liabilities are determined as follows:

- Due to short-term maturities, the carrying amounts of cash, trade and other receivables, due from related parties, refundable deposit, and trade and other payables (except payable to government agencies) approximate their fair values.
- Financial assets at FVTPL are measured at fair values as determined by reference to published price quotations in the PSE at the financial reporting dates.

25.02 Fair Value Measurements Recognized in the Statements of Financial Position

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

The Company used Level 1 to value its financial assets at FVTPL. Accordingly, fair value of the said investments amounted to P34,983,428 and P36,220,150 as of December 31, 2024 and 2023, respectively.

The Company used Level 3 to value its investment property. Accordingly, fair value of the investment property amounted to P4,247,750 in both years.

There were no transfers between Level 1 and 2 in both years.

25.03 Fair Value Determinations of Assets and Liabilities

The following table provides an analysis of assets and liabilities that are measured at fair value on a recurring and non-recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which inputs to valuation techniques are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

25.03.01 Fair Value Hierarchy

Shown below are the fair values of assets:

Recurring Fair Value Measurements

	Level 1		Level 2		Level 3		Total
2024							
Financial assets at FVTPL	P	34,983,428	P	-	P	-	P 34,983,428
2023							
Financial assets at FVTPL	P	36,220,150	P	-	P	-	P 36,220,150

Fair Value Disclosure

		Level 1	Level 2	Level 3	Total
2024					
Investment properties	P	-	P	-	P 4,247,750 P 4,247,750
2023					
Investment properties	P	-	P	-	P 4,247,750 P 4,247,750

25.03.02 Valuation Technique used to Derive Level 3 Fair Value

The fair value of investment property was derived using the market approach. Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Under market approach, the most significant input into this valuation is by reference to recent sale transaction that transpired during the year near the property.

25.03.03 Highest and Best Use

The Company's non-financial asset is composed of investment property being idle and held for capital appreciation. However, as of December 31, 2024 and 2023, the Company assessed the highest and best use of the investment property from the perspective of market participants. The investment property could be developed or converted to property held for leasing. As such, the Company determined that the current use of the investment property is not the asset's highest and best use since the property could be leased out or developed for market participants' use and expected to be used on a stand-alone basis. Management is currently assessing probable options by which it can derive best benefits from the property.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management is responsible to monitor and manage the financial risks relating to the operations of the Company and analyzes exposures by degree and magnitude of risks. These risks include market risk which includes position risk and price risk, credit risk which includes counterparty risk, liquidity risk and operational risk.

The Company seeks to minimize the effects of these risks through compliance with policies and exposure limits imposed by the SRC, Implementing Rules and Regulation and PSE Trading Rules. Compliance with the policies and exposure limits is reviewed by the Associated Person and the Management on a continuous basis.

26.01 Market Risk Management

26.01.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which is subject to variable interest rates and fixed interest rates, respectively.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

26.01.02 Other Price Risk Management

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for trading purposes. The Company actively trades these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

December 31, 2024				December 31, 2023	
	No. of Shares	Amount		No. of Shares	Amount
CLC	125,000	P 163,750		125,000	P 187,500
GTCAP	650	427,700		650	383,500
PSE	209,700	34,390,800		209,700	35,649,000
STN	750	1,178		750	150
		P 34,983,428			P 36,220,150

Net Effect to Profit			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2024			
CLC	5.28%	8,646	(8,646)
GTCAP	6.25%	26,735	(26,735)
PSE	3.58%	1,231,335	(1,231,335)

Net Effect to Profit			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2023			
CLC	2.18%	4,086	(4,086)
GTCAP	2.75%	10,565	(10,565)
PSE	0.72%	256,664	(256,664)

The Company's sensitivity to equity prices has not changed significantly from the prior year.

26.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from cash in banks, reserve bank account, trade and other receivables, due from related parties, and refundable deposit, all at amortized cost.

The Company considers the following policies to manage its credit risk:

- Banks

The Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- Trade and Other Receivables

The Company transacts only with individuals referred by existing or previous clients. It is the policy of the Company to know and keep essential financial records of its clients. The Company assesses creditworthiness of the client before entering a new trade transaction. The Company also assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact to clients.

- Due from Related Party

The Company transacts only with creditworthy counterparties. The Company assesses the current and forecast information of the third parties' industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to counterparties.

Financial assets measured at amortized cost are as follows:

		2024		2023
Cash in banks and reserve bank accounts	P	39,697,319	P	51,242,571
Trade and other receivables – net		1,876,568		2,456,416
Due from related parties		4,261,393		2,584,391
Refundable deposit		-		10,621
	P	45,835,280	P	56,293,999

The calculation of allowance for provision for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

- Loss Given Default (LGD)

LGD is the amount of money a company loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default. Exposure at Default (EAD)

EAD is the total value a company is exposed to when a loan default. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of provision for expected credit losses in 2024 and 2023:

	PD rate	LGD rate	EAD	ECL
2024	A	B	C	D=A*B*C
Cash in banks and reserve bank accounts	0.00%	0.00% to 98.68%	39,697,319	-
Receivable from customers				
T+0 to T+1	0.05%	0.00%	1,055,651	-
T+2 to T+12	0.30%	0.00%	174,345	3,487
		0.00% to		
T+13 to T+30	3.93%	0.17%	1,405	-
T+31 to T+365	3.93%	0.00% to 100%	588,693	447,668
Due from related parties	0.00%	100.00%	4,261,393	-
Refundable deposit	0.00%	100.00%	-	-
Others	0.00%	100.00%	507,629	-
			46,286,435	451,155
2023	A	B	C	D=A*B*C
Cash in banks and reserve bank account	0.00%	0.00% to 90.46%	51,242,571	-
Receivable from customers				
T+0 to T+1	0.05%	0.00%	49,127	-
T+2 to T+12	0.30%	0.00%	21,165	424
		0.00% to		
T+13 to T+30	3.93%	0.17%	6,074	525
T+31 to T+365	3.93%	0.00% to 100%	589,282	421,209
Due from related parties	0.00%	100.00%	2,584,391	-
Receivable from clearing house	0.00%	100.00%	1,905,770	-
Refundable deposit	0.00%	100.00%	10,621	-
Others	0.00%	100.00%	307,156	-
			56,716,157	422,158

Cash in Banks and Reserve Bank Account

The Company determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Company estimated the probability of default to be nil in both years.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 98.68% and 0.00% to 90.46% in 2024 and 2023, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks and reserve bank accounts in both years.

Trade Receivables

The Company determined the probability of default rate by considering the following: aging schedules of trade receivables for the past five (5) years; breakdown of receivables per year; past, current, and forecast macro-economic information; and correlation between default rates and unemployment rates. The Company estimated the probability of default to be 0.05% for T+0-2, 0.30% for T+3-13, 3.93% for T+14-30 and 3.93% for T+31-365 based on the age of the receivable.

In both years, loss given default rates are 0.00% for T+0 to T+1, 0.00% for T+2 to T+12, 0.00% to 0.17% for T+13 to T+30 and 0.00% to 100% for T+31 to T+365.

Exposure at default is equal to the gross carrying amount of trade receivables.

The Company assessed that the application of PFRS 9 has minimal impact on the recorded allowance for expected credit losses as of reporting dates. However, any future material changes that may arise from the application of PFRS 9 will be adjusted.

Due from Related Parties

The Company's due from related parties is assessed to be collectible; hence, expected credit loss written-off amounting to nil are identified in both years. The Company estimated the probability of default to be 0.00% in both years.

Loss given default rate is calculated by taking into consideration the amount of due from related parties and estimated to be 100.00% in both years.

Exposure at default is equal to the gross carrying amount of due from related parties in both years.

Receivable from Clearing House

The Company estimated the probability of default of receivable from clearing house to be 0.00% in 2023.

Loss given default rate is calculated by taking into consideration the amount of receivable from clearing house and estimated to be 100.00% in 2023.

Exposure at default is equal to the gross carrying amount of receivable from clearing house in 2023.

Refundable Deposit

Management believes that the effect of provision for expected credit loss is immaterial to the financial statements as a whole; hence, the Company did not recognize expected credit loss.

26.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average Effective Interest Rate	Within One (1) Year
December 31, 2024		
Trade payables	-	P 37,105,961
Payable to clearing house	-	391,670
Others	-	398,153
		P 37,895,784
December 31, 2023		
Trade payables	-	P 48,343,934
Others	-	359,385
		P 48,703,319

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Weighted Average Effective Interest Rate	On Demand	Within one (1) Year	Total
December 31, 2024				
Cash	4.125% / 0.25%	P 39,699,319	P -	P 39,699,319
Financial assets at FVTPL	-	-	34,983,428	34,983,429
Trade and other receivables	-	-	1,876,568	1,876,568
Due from related parties	-	4,261,393	-	4,261,393
Refundable deposit	-	-	-	-
		P 43,960,712	P 36,859,996	P 80,820,708
December 31, 2023				
Cash	4.125% / 0.25%	P 51,244,571	P -	P 51,244,571
Financial assets at FVTPL	-	-	36,220,150	36,220,150
Trade and other receivables	-	-	2,456,416	2,456,416
Due from related parties	-	2,584,391	-	2,584,391
Refundable deposit	-	-	10,621	10,621
		P 53,828,962	P 41,271,577	P 92,516,149

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management manages the Company's capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2023.

Pursuant to Section 42 of Revised Corporation Code of the Philippines, Stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the board of directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies. The Company is in compliance with this requirement.

The Board of Directors has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business, operation and industry.

The Company, in maintaining or adjusting the capital structure, may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. This is to ensure that the financial resources of the Company are adequate and available to absorb unforeseen or unanticipated losses.

The Company monitors capital on the basis of the following:

1. Proportion of debt to equity.

		2024		2023
Debt	P	40,519,451	P	50,819,499
Equity		47,899,201		46,775,323
Debt to equity ratio		0.85:1		1.09:1

Debt is defined as total liabilities while equity includes all capital and reserves of the Company that are managed as capital.

2. Rules and regulations of the SRC with respect to the minimum:

- a. Unimpaired paid-up capital;
- b. Net liquid capital; and
- c. RBCA ratio.

The following governs the regulatory capital requirements of the Company under the Amended Implementing Rules and Regulations of the SRC issued by the SEC and SEC Memorandum Circular No. 16 series of 2004:

27.01 Paid-up Capital Requirement

Every Broker Dealer shall maintain the minimum unimpaired paid-up capital as governed by the existing requirements of SRC 28.1. For this purpose, the term "paid up capital" shall include the following:

- a. Capital contributions of partners or par value or stated value of common stock;
- b. Payment made on subscribed common stock;
- c. Par or stated value of preferred stock;
- d. Payment made on subscribed preferred stock;
- e. Common stock to be distributed (arising from a stock dividend declaration);
- f. Additional paid in capital for both common and preferred stocks; and
- g. Donated capital.

Under present regulations, the minimum paid-up capital for existing broker dealer participating in a registered clearing agency is P30,000,000, provided it is not (a) a first-time registrant and (b) is not acquiring the business of existing broker-dealer firms. The Company's paid-up capital is P39,000,000 and P35,000,000 in 2024 and 2023, respectively. As required under present regulations, the Company has filed a surety bond amounting to P12,000,000.

27.02 Net Liquid Capital Requirement

Every broker dealer shall, at all times, have and maintain net liquid capital (NLC) of at least P5,000,000 or 5% of the aggregate indebtedness (AI), whichever is higher. However, a broker dealer who deals only with proprietary shares and does not keep the shares under its custody shall maintain an NLC of P2,500,000 or 2.5% of the AI, whichever is higher.

NLC is the sum of paid-up capital and equities eligible for NLC less non-allowable assets/equities, and collateralized liabilities as specified in the applicable regulations, provided further, that the following items shall be excluded from eligible equity for NLC:

- a. Deferred income tax;
- b. Revaluation reserves; and
- c. Minority interest and any outside investment in affiliates and associates.

The Company's AI is P40,534,092 and P50,819,499 as of December 31, 2024 and 2023, respectively.

The Company's NLC is P36,104,772 and P36,652,295 as of December 31, 2024 and 2023, respectively. Hence, the Company is in compliance with the NLC requirement.

27.03 RBCA Ratio Requirement

Every Broker Dealer shall ensure that its Risk-Based Capital Adequacy (RBCA) ratio is greater than or equal to 1.1, its aggregate indebtedness should not be in excess of 2000% of its NLC at all times, and its core equity is at all times greater than its operational risk requirement (ORR). Core equity is the sum of paid up capital and surplus reserves.

RBCA ratio is the ratio of NLC to the Broker Dealer's total risk exposure (Total Risk Capital Requirement), calculated as the Brokers Dealers NLC divided by its Total Risk Capital Requirement (TRCR), which is the sum of:

- a. Operational risk requirement;
- b. Credit risk requirement which includes requirements for counterparty risk, settlement risk, large exposure risk, and margin lending/financing risk; and
- c. Position or market risk requirement.

The Company's RBCA ratio is 148% and 145% as of December 31, 2024 and 2023, respectively. The Company's RBCA ratio is above the required limit.

The Company's ratio of AI to NLC is 112% and 139% in 2024 and 2023, respectively. The Company is in compliance with the required ratio of AI to NLC.

The Company's core equity is P48,923,402 and P47,260,752 in 2024 and 2023, respectively. The Company's ORR amounted to P1,831,649 and P1,828,192 in 2024 and 2023, respectively. Hence, the Company is in compliance with the core equity requirement.

28. CORRECTION OF PRIOR PERIOD ERROR

During the year, Management discovered that the deferred tax adjustment due to the effect of change in tax rates in previous years on the remeasurement of defined benefit obligation has been accounted to profit or loss instead of adjusting to other comprehensive income.

The effect of the correction is summarized as follows:

		December 31, 2023, as previously stated		Adjustments		December 31, 2023, as restated	
Accounts							
Statement of Financial Position							
Remeasurements	P	1,674,056	P	177,864	P	1,851,920	
Unappropriated retained earnings		1,473,504		(177,864)		1,295,640	

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on March 26, 2025.

30. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS

30.01 Revenue Regulations No. 15-2020

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Financial Statements. Below are the disclosures required by the said regulation:

30.01 01 Taxes and Licenses Paid or Accrued

The details of the Company's taxes and licenses fees paid or accrued in 2024 are as follows:

30.01.01.01 Output VAT

The Company's total output VAT declared during the year amounted to P451,988 based on the amount reflected in the revenue.

30.01.01.02 Input VAT

An analysis of the Company's input VAT claimed during the taxable year is as follows:

Balance, January 1, 2024	P	-
Current transactions:		
Goods other than for resale or manufacture		17,522
Services lodged under cost of goods sold		333,827
Total available input VAT		351,349
Applied against output VAT		(351,349)
Balance, December 31, 2024	P	-

30.01.01.03 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the taxable year is as follows:

Real property tax	P	120,512
Permit, clearance and licenses		35,028
Documentary stamp tax		40,000
Others		61,358
	P	256,898

30.01.01.04 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the taxable year is as follows:

Expanded withholding taxes	P	168,212
Withholding tax on compensation and benefits		63,667
	P	231,879

Expanded withholding taxes of the Company pertains to the payments made for professional fees and commission.

30.02 Revenue Regulations No. 19-2020

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below are the disclosures required by the said regulation:

30.02.01 Revenue

The Company's revenue for the taxable year pertains to commission amounting to P3,755,950.

30.02.02 Direct Costs

The following is an analysis of the Company's direct costs for the taxable year:

Salaries, wages and bonuses	P	2,151,456
Agent's commission		953,830
Stock exchange fees and dues		528,194
SSS, PHIC, and HDMF contributions		209,998
	P	3,843,478

30.02.03 Itemized Deductions

The following is an analysis of the Company's itemized deductions net of accruals for the taxable year:

Salaries, wages and bonuses	P	1,346,076
Professional fees		678,600
Membership dues and subscription		609,916
Postage, telephone and telegraph		491,153
Taxes and licenses		256,898
Power, light and water		153,080
Transportation and travel		149,994
SSS, PHIC, and HDMF contributions		139,999
Repairs and maintenance		110,100
Depreciation		104,130
Office supplies		92,631
Insurance		75,874
Meetings and conferences		27,812
Fuel and oil		53,777
Representation and entertainment		37,560
Others		537,355
	P	4,864,955

30.03 Revenue Regulations No. 34-2020

Revenue Regulation (RR) No. 34-2020 prescribes the guidelines and procedures for the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents, amending for this purpose pertinent provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010.

The Company is covered by the requirements and procedures for related transactions provided in RR No. 34-2020.

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

ANNUAL AUDITED FINANCIAL REPORT

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

Report for the period beginning January 1, 2024 and ended December 31, 2024.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer: A.T. DE CASTRO SECURITIES CORPORATION	
Address of Principal Place of Business	Unit 1107 11/F PSE Tower Bldg, 5th Ave. corner 28th St. BGC, Fort Bonifacio, Taguig City 1634
Name and Phone Number of Person to Contact in Regard to this Report	
Name: <u>Salud D. De Castro</u>	Tel. No. <u>7946-2690 to 92</u>

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: <u>Rose Angeli S. Bernaldo</u>	Tel. No. <u>8812-1718 to 24 loc 102</u>
	Fax No. <u>n/a</u>
Address: <u>18/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Ayala North Makati City</u>	
Certificate Number <u>114127</u>	
PTR Number <u>10481163</u>	Date Issued <u>January 15, 2025</u>

A.T. DE CASTRO SECURITIES CORPORATION**COMPUTATION OF RISK-BASED CAPITAL****ADEQUACY (RBCA) RATIO UNDER SRC RULE 49.1**

For the Year Ended December 31, 2024

(In Philippine Peso)

Total assets	88,421,022
Less: Total liabilities	40,534,092
Equity as per books	47,886,930
Adjustments	
Add (Deduct):	
Deferred income tax	(4,021,402)
Revaluation Reserves	(1,502,875)
Equity eligible for net liquid capital	42,362,653
Less: Ineligible assets	
Trading right and intangible asset	396,000
Intercompany receivables	2,678,969
Property and equipment, net	73,584
All other current assets	940,120
Other assets including equity investments in PSE	2,169,208
Total ineligible assets	6,257,881
Net liquid capital (NLC)	36,104,772
Less: Operational risk requirement	1,831,649
Position risk requirement	12,201,430
Counter party risk requirement	70
Large exposure risk requirement to single issuer and group of companies	10,324,461
Total risk capital requirement	24,357,610
Net RBCA margin (NLC - TRCR)	11,747,162
Liabilities	40,534,092
Less: Exclusions from aggregate indebtedness	
Subordinated liability	-
Deferred tax liability	-
Others	-
Aggregate indebtedness (AI)	40,534,092
5% of Aggregate indebtedness	2,026,705
Required NLC (5% of AI or ₱5 million whichever is higher)	5,000,000
Net risk-based capital excess	31,104,772
Ratio of AI to NLC	112%
RBCA Ratio (NLC/TRCR)	148%

A.T. DE CASTRO SECURITIES CORPORATION
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - B)
December 31, 2024
(In Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts:		
Unadjusted trial balance amount	37,105,961	
Credit balances in customer omnibus accounts	22	
Dividends Payable	752	
Credit Balances in the accounts of non customers such as general partners and principal officers	(6,606,869)	
Customer securities failed to receive (as determined by allocation or specific identification)		
Clearing Accounts with net credit balances attributable to customers transactions. (Clearing Corporations)	1,121,940	
Debit balances in customers cash accounts:		
Unadjusted trial balance amount		1,820,094
Debit balance in customer omnibus accounts		1,246
Unsecured balances and accounts doubtful of collection		(447,669)
Debit balance in accounts of non-customers such as general partners and principal officers		354,900
Reduction for partly secured cash accounts		(8,698)
Reduction by 1%		(232,465)
Due from clearing house		(11,325)
Total	31,621,805	1,476,083
Net credit balance	30,145,722	
Required reserve (100% of net credit if making a weekly computation or 105% if making a monthly computation)		30,145,722
Special reserve account balance prior to computation		32,363,392
Less: Deposit required		30,145,722
Additional Deposit Required		-

A.T. DE CASTRO SECURITIES CORPORATION

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS

PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - A)

December 31, 2024

1. Customers fully paid securities and excess margin securities not in the broker's or dealer's possession or control as of the December 31, 2016, for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2 (Annex 49.2 - A):

Market Valuation	<u>P NIL</u>
Number of Items	<u>NIL</u>

2. 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 (Annex 49.2 - A):

Market Valuation	<u>P NIL</u>
Number of Items	<u>NIL</u>

A.T. DE CASTRO SECURITIES CORPORATION

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF
GENERAL CREDITORS**

December 31, 2024

(In Philippine Peso)

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

A.T. DE CASTRO SECURITIES CORPORATION

A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST
OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT

December 31, 2024

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

A.T. DE CASTRO SECURITIES CORPORATION

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

December 31, 2024

There is no discrepancy in the results of the securities count conducted.

A.T. DE CASTRO SECURITIES CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

For the Years Ended December 31, 2024 and 2023

	2024	2023
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	2.16	1.91
<u>Current Assets</u>	<u>81,760,828</u>	93,477,838
<u>Current Liabilities</u>	<u>37,928,499</u>	48,845,016
WORKING CAPITAL TO ASSETS	0.50	0.46
<u>(Current Assets - Current Liabilities)</u>	<u>43,832,329</u>	44,632,822
<u>Total Assets</u>	<u>88,421,022</u>	97,594,822
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	1.85	2.09
<u>Total Assets</u>	<u>88,421,022</u>	97,594,822
<u>Shareholders' Equity</u>	<u>47,886,930</u>	46,775,322
DEBT TO EQUITY	0.85	1.09
<u>Total Liabilities</u>	<u>40,534,092</u>	50,819,500
<u>Shareholders' Equity</u>	<u>47,886,930</u>	46,775,322
LONG-TERM DEBT TO EQUITY	-	-
<u>Long-Term Debt</u>	<u>-</u>	-
<u>Shareholders' Equity</u>	<u>47,886,930</u>	46,775,322
FIXED ASSETS TO EQUITY	0.05	0.03
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>2,242,792</u>	1,563,456
<u>Shareholders' Equity</u>	<u>47,886,930</u>	46,775,322

A.T. DE CASTRO SECURITIES CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

For the Years Ended December 31, 2024 and 2023

CREDITORS EQUITY TO TOTAL ASSETS	0.46	0.52
<u>Total Liabilities</u>	<u>40,534,092</u>	50,819,500
<u>Total Assets</u>	<u>88,421,022</u>	97,594,822
FIXED ASSETS TO LONG-TERM DEBT	-	-
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>2,242,792</u>	1,563,456
<u>Long-Term Debt</u>	<u>-</u>	-
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	(0.03)	(0.03)
<u>Net Loss</u>	<u>(2,539,347)</u>	(2,337,350)
<u>Average Total Assets</u>	<u>93,007,922</u>	91,966,283
RATE OF RETURN ON EQUITY	(0.05)	(0.05)
<u>Net Loss</u>	<u>(2,539,347)</u>	(2,337,350)
<u>Average Stockholders' Equity</u>	<u>47,331,126</u>	46,734,826
D. PROFITABILITY RATIOS		
GROSS LOSS RATIO	(0.31)	(0.25)
<u>Gross Loss</u>	<u>(1,160,773)</u>	(913,372)
<u>Commission Income</u>	<u>3,755,950</u>	3,635,833
OPERATING LOSS TO COMMISSION INCOME	(1.15)	(0.10)
<u>Loss from Operations</u>	<u>(4,315,960)</u>	(352,445)
<u>Commission Income</u>	<u>3,755,950</u>	3,635,833

A.T. DE CASTRO SECURITIES CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

For the Years Ended December 31, 2024 and 2023

PRETAX LOSS TO COMMISSION INCOME	(1.15)	(0.10)
<u>Pretax Loss</u>	<u>(4,315,960)</u>	<u>(352,445)</u>
Commission Income	3,755,950	3,635,833
NET LOSS TO COMMISSION INCOME	(0.68)	(0.64)
<u>Net Loss</u>	<u>(2,539,347)</u>	<u>(2,337,350)</u>
Commission Income	3,755,950	3,635,833
E. INTEREST COVERAGE RATIO		
INTEREST COVERAGE RATIO	-	-
<u>Net Loss Before Interest and Tax</u>	<u>4,315,960</u>	<u>352,445</u>
Interest Expense	-	-



PKF
R.S. Bernaldo & Associates

R.S. Bernaldo & Associates
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info@pkfrsbernaldo.com
www.pkfrsbernaldo.com

SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
A.T. DE CASTRO SECURITIES CORPORATION
(A Wholly-owned Subsidiary of Grupo Saalex Incorporated)
Suite 1107, The PSE Tower, 28th St. cor. 5th Ave
Bonifacio Global City, Taguig

We have audited the financial statements of **A.T. DE CASTRO SECURITIES CORPORATION** for the years ended December 31, 2024 and 2023 on which we have rendered the attached report dated March 26, 2025.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has only one (1) stockholder owning one hundred (100) or more shares.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until November 19, 2026
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

ROSE ANGELI S. BERNALDO

Partner
CPA Certificate No. 114127
BOA/PRC No. 0300/P-006
Valid until November 19, 2026
BSP Group B Accredited
Accreditation No. 114127-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-001-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 211-870-290
PTR No. 10481163
Issued on January 15, 2025 at Makati City

March 26, 2024

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

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