



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Type: Stock Corporation

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SEC Form 52-AR

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

ANNUAL AUDITED FINANCIAL REPORT

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

Report for the period beginning April 1, 2024 and ending March 31, 2025.

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

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: <u>Vergel E. Pabillon, Jr.</u>	Tel. No. _____
	Fax No. _____
Address: <u>29th Floor, AIA Tower (formerly Philamlife Tower), Paseo de Roxas, Makati City</u>	
Certificate Number <u>0119924</u>	
PTR Number <u>0032861</u>	Date Issued <u>January 4, 2025</u>

This report contains:

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

SCHEDULE I

Macquarie Capital Securities (Philippines), Inc.

Statement of Changes in Liabilities
Subordinated to Claims of General Creditors
March 31, 2025

There are no liabilities subordinated to claims of general creditors as at March 31, 2025.

SCHEDULE II

Macquarie Capital Securities (Philippines), Inc.

Computation of Risk-Based Capital
Adequacy (RBCA) Ratio Under SRC Rule 49.1
March 31, 2025
(All amounts in Philippine Peso)

Total assets	1,330,510,670
Less: Total liabilities	763,671,823
Equity per books	566,838,847
Adjustments to equity per books	
Add (Deduct)	
Deferred income tax	-
Revaluation reserve	-
Equity eligible for net liquid capital	566,838,847
Less: Ineligible assets	
Trading right and all other intangible assets (net)	1,775,000
Due from related companies	50,659,582
Fixed assets, net of accumulated depreciation and excluding those used as collateral	5,636,658
All other current assets	24,390,773
Negative Exposure (SCCP)	3,100,020
Other assets	885,489
Total ineligible assets	86,447,522
Net liquid capital (NLC)	480,391,325
Less:	
Operational risk requirement (ORR)	68,955,972
Position risk requirement (PRR)	16,434,920
Total risk capital requirement (TRCR)	85,390,892
Net risk-based capital adequacy (RBCA) margin (NLC - TRCR)	395,000,433
Aggregate indebtedness (AI)	763,671,823
5% of Aggregate indebtedness	38,183,591
Required NLC (5% of AI or P5 million whichever is higher)	38,183,591
Net risk-based capital excess	442,207,734
Ratio of AI to NLC	1.59
RBCA Ratio (NLC/TRCR)	5.63

Macquarie Capital Securities (Philippines), Inc.

Information Relating to Possession or Control Requirements
Pursuant to SRC Rule 49.2 (Under Annex 49.2 - A)
March 31, 2025

1. Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at March 31, 2025 for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2 (Annex 49.2-A):

Market valuation	Nil
Number of items	

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

Market valuation	Nil
Number of items	

SCHEDULE IV

Macquarie Capital Securities (Philippines), Inc.

Computation for Determination of Reserve Requirements
Pursuant To SRC Rule 49.2 (Under Annex 49.2 - B)
March 31, 2025
(All amounts in Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts		
Trade payables to customers	119,767,924	
Trade payables to clearing house	98,770,611	
Trade payables to other brokers	-	
Market value of stock dividends and splits outstanding over 30 calendar days	39,683,912	
Debit balances in customers cash accounts		
Trade receivables from customers		222,569,047
Trade receivables from clearing house		-
Trade receivables from other brokers		-
Unsecured accounts		(3,914,936)
Reduction by 1%		(2,186,541)
Total	<u>258,222,447</u>	<u>216,467,570</u>
Net credit balance	<u>41,754,877</u>	
Balance - Special Reserve Account	<u>59,000,000</u>	

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



Independent Auditor's Report

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

In planning and performing our audit of the financial statements and supplemental schedules of Macquarie Capital Securities (Philippines), Inc. (the "Company") as at and for the fiscal year ended 31 March 2025, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

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

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

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

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



We understand that the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by SEC to be adequate for its purposes in accordance with the SRC and related regulations, and that the practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate as at 31 March 2024 to meet the SEC's objectives.

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

Isla Lipana & Co.

A handwritten signature in blue ink that reads 'Vergel E. Pabillon, Jr.'.

Vergel E. Pabillon, Jr.
Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City
11 July 2025

Macquarie Capital Securities Philippines, Inc.

Schedule of Inventory of Securities

March 31, 2025

(All amounts in Philippine Peso, except number of shares)

SECURITY NAME	SYMBOL	VAULT	NUMBER OF SHARES			TOTAL MARKET VALUE
			TRANSFER OFFICE	PCD	IN-TRANSIT	
Asiabest Group International Ord Shs	ABG	-	-	1,600	-	-
ABS-CBN Ord Shs	ABS	-	-	10,500	-	49,245
Ayala Ord Shs	AC	-	-	217	29,020	17,279,067
ACEN Corporation Ord Shs	ACEN	-	-	651	-	1,979
Aboitiz Equity Ventures PHP1 Ord Shs	AEV	-	-	260	-	8,580
Alliance Global Group Ord Shs	AGI	-	-	-	(988,800)	(6,011,904)
Ayala Land Ord Shs	ALI	-	-	349,684	(186,800)	3,746,332
Alaska Milk Corp Ord Shs	AMC	-	-	2,500	-	-
A. Soriano Corp Ord Shs	ANS	-	-	39	-	538
Apollo Global Ord Shs	APL	-	-	690,000	-	2,760
Altus Property Ventures, Inc.	APVI	-	-	14	-	114
AREIT INC Ord Shs	AREIT	-	-	-	(67,000)	(2,646,500)
BDO Unibank Ord Shs	BDO	-	-	-	555,540	85,164,282
Belle Ord Shs	BEL	-	-	20,336	-	30,504
Bloomerry Resorts Ord Shs	BLOOM	-	-	-	(4,795,700)	(14,003,444)
Bank Of The Philippine Islands Ord Shs	BPI	-	-	-	263,000	34,716,000
Basic Energy Ord Shs	BSC	-	-	245	-	31
China Banking Ord Shs	CBC	-	-	-	13,120	1,220,160
Cebu Holdings Ord Shs	CHI	-	-	-	-	-
Century Pacific Food Ord Shs	CNPF	-	-	-	(45,700)	(1,670,335)
Converge Information & Communications Technology Solutions Ord Shs	CNVRG	-	-	-	-	-
DMCI Holdings Ord Shs	DMC	-	-	-	-	-
D&L Industries Ord Shs	DNL	-	-	-	-	-
Export And Industry Bank A Ord Shs	EIBA	-	-	2,665	-	-
Empire East Land Holdings Ord Shs	ELI	-	-	14,444	-	1,647
Emperador Ord Shs	EMI	-	-	-	-	-
First Abacus Ord Shs	FAF	-	-	30,000	-	18,600
Filinvest Land Ord Shs	FLI	-	-	353,320	-	261,457
First Philippine Holdings Ord Shs	FPH	-	-	20,862	-	1,178,703
Globe Tel Ord Shs	GLO	-	-	-	(7,505)	(16,841,220)
Greenery Holdings Ord Shs	GREEN	-	-	308	-	48
GT Capital Holdings Ord Shs	GTCAP	-	-	-	(12,100)	(6,158,900)
Holcim Phils Ord Shs	HLCM	-	-	3,500	-	-
International Container Terminal Services Ord Shs	ICT	-	-	-	101,108	35,893,340
Ionics Ord Shs	ION	-	-	10,000	-	8,000
Jollibee Foods Ord Shs	JFC	-	-	20,829	74,080	22,778,160
JG Summit Holdings 1 Ord Shs	JGS	-	-	-	(100,652)	(1,660,758)
Lepanto Consolidated Mining Class B Ord Shs	LCB	-	-	225,000	-	20,025
Lopez Holdings Ord Shs	LPZ	-	-	10,210	-	26,954
LT Group Ord Shs	LTG	-	-	-	(227,000)	(2,764,860)
Manila Mining Class B Ord Shs	MAB	-	-	2,706,319	-	22,462
Metropolitan Bank and Trust Co Ord Shs	MBT	-	-	6	116,400	8,497,638
Megaworld Corp Ord Shs	MEG	-	-	35,802	-	64,086
Manila Electric Ord Shs	MER	200	-	748,534	6,920	415,609,700
Monde Nissin Ord Shs	MONDE	-	-	-	-	-
Manila Water Ord Shs	MWC	-	-	400,000	(173,500)	7,146,075
Nickel Asia Ord Shs	NIKL	-	-	15,000	-	33,150
OceanaGold Philippines Ord Shs	OGP	-	-	-	(1,918,500)	(29,698,380)
Philodrill Ord Shs	OV	-	-	115,000	-	920
Petron Corp Ord Shs	PCOR	-	-	-	-	-
Pure Gold Price Club Ord Shs	PGOLD	-	-	-	231,900	6,516,390
Phinma Corporation Ord Shs	PHN	39	-	34,435	-	598,469
Premium Leisure Ord Shs	PLC	-	-	-	-	-
Primetown Property Group Inc Ord Shs	PMT	-	-	100	-	-
Phil National Bank Ord Shs	PNB	-	-	8,014	-	392,686
Philtown Properties Inc	PPI	-	-	2,798	-	-
Philex Mining Class A Ord Shs	PX	-	-	-	1,000,000	7,300,000
RFM Corp Ord Shs	RFM	-	-	50,000	-	208,000
Robinsons Land Ord Shs	RLC	-	-	1,000	-	11,740
REYNOLDS PHILIPPINE CORP PHP1	RPC	-	-	328,535	-	-
Robinsons Retail Ord Shs	RRHI	-	-	43,140,155	-	1,626,383,843
Semirara Mining and Power Ord Shs	SCC	-	-	-	(147,300)	(5,192,325)
Security Bank Ord Shs	SECB	-	-	-	-	-
Swift Foods Ord Shs	SFI	-	-	13,444	-	605
Swift Foods Conv Pref Shs	SFIP	-	-	2,197	-	3,801
Shell Pilipinas Ord Shs	SHLPH	-	-	-	(193,200)	(1,110,900)
Shang Properties Ord Shs	SHNG	-	-	2,053	-	8,089
SM Investments Ord Shs	SM	-	-	-	(30,000)	(23,640,000)

SECURITY NAME	SYMBOL	NUMBER OF SHARES	TOTAL	PCD	IN-TRANSIT	MARKET VALUE
		VAULT	TRANSFER OFFICE			
San Miguel Ord Shs	SMC	-	-	1,728	-	141,091
SM Prime Holdings Ord Shs	SMPH	-	-	406,933	328,500	17,650,392
Seafront Resources Corp Ord Shs	SPM	-	-	2,716	-	4,400
Steniel Manufacturing Corp Ord Shs	STN	-	-	625	-	1,187
Sani Wares Mfg Ord Shs	SWM	-	-	15,499,800	-	-
PLDT Inc Ord Shs	TEL	-	-	383	-	486,793
Top Frontier Investment Holdings Ord Shs	TFHI	-	-	172	-	10,320
Upson International Ord Shs	UPSON	-	-	-	-	-
Universal Robina Ord Shs	URC	-	-	-	20,000	1,400,000
Vantage Equities Ord Shs	V	-	-	345,000	-	303,600
Victorias Milling Company Inc Ord Shs	VMC	77,987	-	-	-	140,377
Wise Holdings Class B Ord Shs	WHIB	-	-	541	-	-
Wilcon Depot Ord Shs	WLCON	-	-	-	(1,000,000)	(7,010,000)
Sta Elena Golf Club Shares		-	-	-	-	-
Grand Total		78,226		65,628,474	(7,154,169)	2,176,932,814

Macquarie Capital Securities (Philippines), Inc.Collateral Valuation Summary
31 March 2025 and 2024

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

	2025		
	Book Value	Security Valuation	
		Long	Short
Security value of debit balances			
More than 250%	-	-	-
Between 200% to 250%	-	2,077,785,273	-
At least 100% but less than 200%	102,587,123	107,222,020	-
Less than 100%	119,981,924	322,251,533	206,184,545
Due from customers	222,569,047	2,507,258,826	206,184,545
Security value of credit balances			
With money balances	119,767,924	93,022,969	217,164,436
No money balances	-	-	-
Due to customers	119,767,924	93,022,969	217,164,436

	2024		
	Book Value	Security Valuation	
		Long	Short
Security value of debit balances			
More than 250%	-	-	-
Between 200% to 250%	-	1,388,227,914	-
At least 100% but less than 200%	-	-	-
Less than 100%	135,786,822	578,112,387	441,392,820
Due from customers	135,786,822	1,966,340,301	441,392,820
Security value of credit balances			
With money balances	243,760,593	404,791,396	661,041,584
No money balances	-	-	-
Due to customers	243,760,593	404,791,396	661,041,584

Macquarie Capital Securities Philippines, Inc.

Schedule of Financial Soundness Indicators

March 31, 2025

(All amounts in Philippine Peso)

Ratio	Formula	2025	2024
Current ratio	Current Assets ÷ Current Liabilities	1.74	2.14
Acid test ratio	(Current Assets - Prepayments) ÷ Current Liabilities	1.70	2.11
Solvency ratio	(Net income for the year + Non-cash expenses) ÷ Total liabilities	-16.13%	-4.95%
Debt-to-equity ratio	Total Liabilities ÷ Total Equity	1.35	0.87
Asset-to-equity ratio	Total Assets ÷ Total Equity	2.35	1.87
Interest rate coverage ratio	Income from operations ÷ Finance cost	-4.61	-1.25
Return on equity	Net income for the year ÷ Total Equity	-23.42%	-3.89%
Return on assets	Net income for the year ÷ Total Assets	-9.98%	-2.08%
Net profit margin	Net income for the year ÷ Total Income	-53.64%	-8.65%

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

M	A	C	Q	U	A	R	I	E		C	A	P	I	T	A	L		S	E	C	U	R	I	T	I	E	S			
(	P	H	I	L	I	P	P	I	N	E	S	)	,		I	N	C	.												

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

L	E	V	E	L		2	9	,		T	O	W	E	R		O	N	E	,		T	H	E						
E	N	T	E	R	P	R	I	S	E		C	E	N	T	E	R	,		A	Y	A	L	A						
A	V	E	N	U	E	,		M	A	K	A	T	I		C	I	T	Y											

Form Type

	A	F	S
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Department requiring the report

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Secondary License Type, if
Applicable

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COMPANY INFORMATION

Company's Email Address

MCSPI@macquarie.com

Company's Telephone Number/s

8857 0888

Mobile Number

No. of Stockholders

8

Annual Meeting (Month/Day)

Last Tuesday day of April

Fiscal Year (Month/Day)

3/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

BARNEY AGUILAR

Email Address

barney.aguilar@macquarie.com

Telephone
Number/s

8857-0950

Mobile Number

CONTACT PERSON'S ADDRESS

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

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Macquarie Capital Securities (Philippines) Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended March 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



Paulo C. Rojas
President and Chairman of the Board

Ailyn B. Perocho
Head of Finance

Signed this 9th day of July 2025



Independent Auditor's Report

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

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Macquarie Capital Securities (Philippines), Inc. (the "Company") as at 31 March 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at 31 March 2025 and 2024;
- the statements of comprehensive income for the years ended 31 March 2025 and 2024;
- the statements of changes in equity for the years ended 31 March 2025 and 2024;
- the statements of cash flows for the years ended 31 March 2025 and 2024; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for Opinion

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

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

Independence

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

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T: +63 (2) 8845 2728, www.pwc.com/ph

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Bureau of Internal Revenue Requirement

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

Isla Lipana & Co.

A handwritten signature in blue ink, reading "Vergel E. Pabillon, Jr.".

Vergel E. Pabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

BIR A.N. 08-000745-240-2023; issued on January 30, 2023; effective until January 29, 2026

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

Makati City
11 July 2025



Statements Required by Rule 68 Securities Regulation Code (SRC)

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

We have audited the financial statements of Macquarie Capital Securities (Philippines) Inc. as at and for the year ended 31 March 2025, on which we have rendered the attached report dated 11 July 2025.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at 31 March 2025, the Company has only one (1) shareholder owning one hundred (100) or more shares.

Isla Lipana & Co.

A handwritten signature in blue ink, reading "Vergel E. Pabillon, Jr.", written over a faint, larger version of the same signature.

Vergel E. Pabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

T.I.N. 306-301-484

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Makati City
11 July 2025

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Statements Required by Rule 52.1-5 Securities Regulation Code (SRC)

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

We have audited the financial statements of Macquarie Capital Securities (Philippines), Inc. as at and for the year ended 31 March 2025, on which we have rendered the attached report dated 11 July 2025. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules I to VII is presented for purposes of complying with SRC Rule 52.1-5 and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 52.1-5 of the SRC.

Isla Lipana & Co.

A handwritten signature in blue ink, reading "Vergel E. Pabillon, Jr.".

Vergel E. Pabillon, Jr.

Partner

CPA Cert. No. 0119924

P.T.R. No. 0032861; issued on January 4, 2025, Makati City

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Macquarie Capital Securities (Philippines), Inc.

Statements of Financial Position

As at 31 March 2025 and 2024

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

	Notes	Assets					
		2025			2024		
		Carrying amount	Security valuation Long	Short	Carrying amount	Security valuation Long	Short
CURRENT ASSETS							
Cash	2	1,024,594,120	-	-	965,066,755	-	-
Financial assets at fair value through profit or loss	3	-	-	-	17,833,333	17,833,333	-
Receivables		-					
Trade	4	222,569,047	2,503,603,826	200,813,220	255,072,346	1,966,340,301	441,392,820
Non-trade, net	16	50,659,582	-	-	32,878,810	-	-
Prepayments and other current assets	5	24,390,774	-	-	17,873,465	-	-
Total current assets		1,322,213,523	2,503,603,826	200,813,220	1,288,724,709	1,984,173,634	441,392,820
NON-CURRENT ASSETS							
Trading right	6	1,775,000	-	-	1,775,000	-	-
Property and equipment, net	7	5,636,658	-	-	8,616,517	-	-
Deferred tax assets, net	9	-	-	-	8,429,501	-	-
Refundable deposits		885,489	-	-	806,652	-	-
Total non-current assets		8,297,147	-	-	19,627,670	-	-
Total assets		1,330,510,670	2,503,603,826	200,813,220	1,308,352,379	1,984,173,634	441,392,820
SECURITIES							
With Philippine Depository and Trust Corporation (including in-transit securities)				2,176,681,760			1,268,407,549
In vault and custodian bank				251,054			18,123,077

(forward)

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

Macquarie Capital Securities (Philippines), Inc.

Statements of Financial Position

As at 31 March 2025 and 2024

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

		Liabilities and Equity					
		2025			2024		
	Notes	Carrying amount	Security valuation Long	Short	Carrying amount	Security valuation Long	Short
CURRENT LIABILITIES							
Payables							
Trade	4	218,538,535	96,677,969	222,535,761	243,760,593	404,791,396	661,041,584
Non-trade	16	499,512,063	-	-	309,468,926	-	-
Accrued expenses and other liabilities	8	40,032,310	-	-	47,077,059	-	-
Lease liability	14	3,601,524	-	-	3,043,945	-	-
Total current liabilities		761,684,432	96,677,969	222,535,761	603,350,523	404,791,396	661,041,584
NON-CURRENT LIABILITIES							
Lease liability	14	888,294	-	-	4,210,636	-	-
Asset retirement obligation	7	1,094,593	-	-	1,053,222	-	-
Retirement benefit obligation	12	4,504	-	-	-	-	-
Total non-current liabilities		1,987,391	-	-	5,263,858	-	-
Total liabilities		763,671,823	96,677,969	222,535,761	608,614,381	404,791,396	661,041,584
EQUITY							
Share capital	10	464,384,200	-	-	464,384,200	-	-
Additional paid-in capital	10	9,604,122	-	-	9,604,122	-	-
Remeasurement gain on retirement benefit obligation	12	1,030,945	-	-	1,183,048	-	-
Retained earnings	10						
Appropriated		221,733,634	-	-	221,733,634	-	-
Unappropriated		(129,914,054)	-	-	2,832,994	-	-
Total equity		566,838,847	-	-	699,737,998	-	-
Total liabilities and equity		1,330,510,670	2,600,281,795	2,600,281,795	1,308,352,379	2,388,965,030	2,388,965,030

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

Macquarie Capital Securities (Philippines), Inc.

Statements of Comprehensive Income
For the years ended 31 March 2025 and 2024
(All amounts are shown in Philippine Peso unless otherwise stated)

	Notes	2025	2024
Income			
Commission	4,16	228,766,003	294,157,811
Interest	2,16	4,754,327	5,701,759
Fair value gain on financial assets at fair value through profit or loss, net	3	5,006,490	10,156,019
Foreign exchange gain, net	18	3,936,226	-
Others		5,032,475	4,992,554
		247,495,521	315,008,143
Expenses			
Management fees	16	172,857,686	161,297,300
Compensation and fringe benefits	11	103,588,475	94,123,294
Communication		27,136,712	32,230,857
Exchange fees		19,966,015	19,037,846
Occupancy		7,316,994	11,462,807
Professional fees		4,912,373	4,006,932
Depreciation and amortization	7	3,554,583	3,410,819
Printing, entertainment, and transportation		2,737,611	2,584,313
Taxes and licenses		612,042	1,030,239
Foreign exchange loss, net	18	-	2,132,836
Miscellaneous		968,100	1,220,205
		343,650,591	332,537,448
Loss from operations		(96,155,070)	(17,529,305)
Finance cost	7,14,16	20,844,468	14,001,269
Loss before income tax		(116,999,538)	(31,530,574)
Income tax (expense) benefit	15	(15,747,510)	4,289,056
Net loss for the year		(132,747,048)	(27,241,518)
Other comprehensive income (loss)			
Item that will not be subsequently reclassified to profit or loss			
Remeasurement gain (loss) on retirement benefit obligation, net of tax	12	(152,103)	(143,736)
Total comprehensive loss for the year		(132,899,151)	(27,385,254)

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

Macquarie Capital Securities (Philippines), Inc.

Statements of Changes in Equity
For the years ended 31 March 2025 and 2024
(All amounts are shown in Philippine Peso unless otherwise stated)

	Share capital (Note 10)	Additional paid-in capital (Note 10)	Remeasurement gain on retirement benefit obligation (Note 12)	Retained earnings (Note 10)		Total
				Appropriated	Unappropriated	
Balances at 1 April 2023	464,384,200	9,604,122	1,326,784	221,733,634	564,811,512	1,261,860,252
Comprehensive loss						
Net loss for the year	-	-	-	-	(27,241,518)	(27,241,518)
Other comprehensive loss for the year	-	-	(143,736)	-	-	(143,736)
Total comprehensive income for the year	-	-	(143,736)	-	(27,241,518)	(27,385,254)
Transaction with owners						
Dividends declared and paid	-	-	-	-	(534,737,000)	(534,737,000)
Balances at 31 March 2024	464,384,200	9,604,122	1,183,048	221,733,634	2,832,994	699,737,998
Comprehensive loss						
Net loss for the year	-	-	-	-	(132,747,048)	(132,747,048)
Other comprehensive gain for the year	-	-	(152,103)	-	-	(152,103)
Total comprehensive loss for the year	-	-	(152,103)	-	(132,747,048)	(132,899,151)
Balances at 31 March 2025	464,384,200	9,604,122	1,030,945	221,733,634	(129,914,054)	566,838,847

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

Macquarie Capital Securities (Philippines), Inc.

Statements of Cash Flows

For the years ended 31 March 2025 and 2024

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

	Notes	2025	2024
Cash flows from operating activities			
Loss before income tax		(116,999,538)	(31,530,574)
Adjustments for:			
Share-based compensation expense	13	298,544	683,195
Depreciation and amortization	7	3,554,583	3,410,819
Unrealized foreign exchange gain	18	(2,885,885)	(7,308,850)
Provision for (reversal of) expected credit losses	16	1,553	(3,641)
Unrealized fair value gain on financial assets fair value through profit or loss	3	-	(10,000,000)
Realized fair value gain on unlisted shares	3	(7,166,667)	
Retirement benefit expense	11,12	6,188,112	6,578,784
Interest income	2,16	(4,754,327)	(5,701,759)
Finance cost	7,14,16	20,844,468	14,001,269
Impairment of asset	7	-	92,518
Dividend income	3	(8)	(7,380)
Operating loss before changes in operating assets and liabilities		(100,919,165)	(29,785,619)
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables		14,684,651	32,807,383
Prepayments and other current assets		(9,453,033)	(11,062,044)
Refundable deposits		(44,251)	-
Increase (decrease) in:			
Payables		143,227,033	(263,899,096)
Accrued expenses and other liabilities		(7,025,267)	4,418,499
Cash generated from (used in) operations		40,469,968	(267,520,877)
Interest received		4,754,327	5,701,759
Income tax paid		(4,600,668)	(881,425)
Dividend received	3	8	7,380
Retirement contribution	12	(6,386,412)	(6,770,432)
Net cash from (used in) operating activities		34,237,223	(269,463,595)
Cash flow from investing activities			
Acquisition of property and equipment	7	(556,511)	(1,161,775)
Proceeds from sale of unlisted shares	3	25,000,000	-
Net cash from (used in) investing activities		24,443,489	(1,161,775)
Cash flow from financing activities			
Dividends paid	10		(534,737,000)
Payment of principal portion of lease liability	14	(2,764,763)	(2,600,777)
Payment of interest expense from lease liability	14	(310,074)	(455,680)
Net cash used in financing activities		(3,074,837)	(537,793,457)
Net increase (decrease) in cash		55,605,875	(808,418,827)
Cash	2		
Beginning of year		965,066,755	1,756,365,152
Effects of changes in exchange rate on cash		3,921,490	17,120,430
End of year		1,024,594,120	965,066,755

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

Macquarie Capital Securities (Philippines), Inc.

Notes to the Financial Statements

As at and for the years ended 31 March 2025 and 2024

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

1 General information

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

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

The Company’s registered office address and principal place of business is located at Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City, Philippines. The Company has 12 full-time regular employees as at 31 March 2025 (2024 - 13 employees).

These financial statements have been approved and authorized for issue by the Company’s Board of Directors on 09 July 2025. There are no material events that occurred subsequent to 09 July 2025 up to 11 July 2025.

2 Cash

The account at 31 March consists of:

	2025	2024
Cash in banks		
In Philippine Peso	819,157,616	763,540,693
In US Dollar	205,436,504	201,526,062
	1,024,594,120	965,066,755

Cash in banks carry interest at market rates. Interest income earned from cash in banks in 2025 amounts to P4,253,339 (2024 - P4,407,126).

In compliance with the Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company’s reserve requirement is determined based on the SEC’s prescribed computations. As at 31 March 2025, the Company’s special reserve included in cash in banks amounts to P59,000,000 (2024 - P60,000,000).

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

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

	Listed shares		Unlisted shares	
	2025	2024	2025	2024
April 1	-	-	17,833,333	7,833,333
Purchases	411,591,655	467,864,796	-	-
Disposals	(409,431,478)	(468,020,815)	(25,000,000)	-
FV adjustment	(2,160,177)	156,019	7,166,667	10,000,000
March 31	-	-	-	17,833,333

Details of the account at 31 March are as follows:

	2025	2024
Unlisted golf club shares	-	17,833,333

The account is expected to be realized within 12 months from the reporting date.

In 2025, the Company earned dividends from its investment in listed shares amounting to P8 (2024 - P7,380) which is presented as part of others in the statement of comprehensive income.

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

	2025	2024
Unrealized fair value gain	-	10,000,000
Realized gain on unlisted shares, net	7,166,667	-
Realized (loss) gain on listed shares, net	(2,160,177)	156,019
	5,006,490	10,156,019

4 Trade receivables/payables from securities transactions; Commission income

Trade receivables

Trade receivables at 31 March consist of:

	Note	2025	2024
Trade receivables from:			
Customers		146,496,098	114,272,238
Related party	16	76,072,949	21,514,584
Clearing House		-	119,285,524
		222,569,047	255,072,346
Trade receivables as to collateral:			
Cash and fully secured accounts		102,587,123	119,285,524
Partially secured accounts		119,981,924	135,786,822
		222,569,047	255,072,346

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

There was no allowance for expected credit losses relating to trade receivables required and recognized in 2025 and 2024 (Note 17.1).

Trade payables

Trade payables at 31 March consist of:

	Note	2025	2024
Clearing House		98,770,611	-
Related party	16	84,786,178	199,431,488
Customers		34,981,746	44,329,105
		218,538,535	243,760,593

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

The amounts presented above are collectible/payable within 2 trading days from the date of transaction.

Commission Income

The breakdown of Commission income for the years ended 31 March is as follows:

	Note	2025	2024
Related party	16	165,802,017	221,493,077
Third parties		62,963,986	72,664,734
		228,766,003	294,157,811

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

5 Prepayments and other current assets

The account at 31 March consists of:

	2025	2024
Creditable withholding tax	23,856,837	17,068,226
Deferred input value added tax	392,517	426,525
Prepaid expenses	32,983	378,714
Others	108,437	-
	24,390,774	17,873,465

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

Others pertain to outstanding manager's checks requested for cancellation but not yet processed by the bank.

6 Trading right

Trading right as at 31 March 2025 and 2024 amounting to P1,775,000 was granted by the Philippine Stock Exchange (PSE) to the Company as a trading participant. The value of the trading right is pledged by the Company to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future contracts with other trading participants. There are no other assets of the Company pledged as collateral for similar liabilities.

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

7 Property and equipment, net

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

	Furniture and fixtures	Office and computer equipment	Communication equipment	Office space	Total
Cost					
At 31 March 2023	110,840	3,601,727	113,188	20,877,059	24,702,814
Additions	-	1,161,775	-	-	1,161,775
Adjustment	-	-	-	(63,224)	(63,224)
At 31 March 2024	110,840	4,763,502	113,188	20,813,835	25,801,365
Additions	-	556,511	-	-	556,511
Adjustment	-	-	-	18,213	18,213
At 31 March 2025	110,840	5,320,013	113,188	20,832,048	26,376,089
Accumulated depreciation					
At 31 March 2023	110,840	3,255,514	113,188	10,201,969	13,681,511
Depreciation and amortization	-	445,910	-	2,964,909	3,410,819
Impairment	-	92,518	-	-	92,518
At 31 March 2024	110,840	3,793,942	113,188	13,166,878	17,184,848
Depreciation and amortization	-	593,904	-	2,960,679	3,554,583
At 31 March 2025	110,840	4,387,846	113,188	16,127,557	20,739,431
Net carrying value					
31 March 2024	-	969,560	-	7,646,957	8,616,517
31 March 2025	-	932,167	-	4,704,491	5,636,658

Asset retirement obligation

The Company recognizes asset retirement obligation (included in right-of-use asset) to restore its leased facilities to their original condition upon termination of the respective leases in accordance with the related contracts. As at 31 March 2025, the net carrying amount of asset retirement obligation amounts to P1,094,593 (2024 - P1,053,222) and presented as part of non-current liabilities in the statement of financial position. Interest expense recognized for asset retirement obligation during the year amounts to P23,157 (2024 - income of P10,377).

Right-of-use asset

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

8 Accrued expenses and other liabilities

The account at 31 March consists of:

	2025	2024
Provision for profit share	9,879,702	10,210,863
Dividends payable	9,673,733	9,008,154
Output value-added tax	5,588,789	8,093,218
Stock transaction tax	2,752,012	7,022,816
Withholding taxes	2,516,711	2,457,779
Exchange fees	2,488,189	3,748,146
Unused leave credits	1,987,046	2,045,250
Other employee benefits	1,200,190	1,416,877
Professional fees	1,137,766	1,735,514
Utilities	176,912	251,295
Other accrued expenses	2,631,260	1,087,147
	40,032,310	47,077,059

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

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

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

9 Deferred taxes, net

The account at 31 March consists of:

	2025	2024
Deferred tax assets		
Provision for profit share and other bonuses	-	2,552,716
Provision for other employee benefits	-	1,990,701
SCCP Clearing and Trade Guaranty Fund (CTGF) contributions	-	843,568
Provision for retirement benefit obligation	-	394,350
Impairment of PPE	-	23,130
Net operating loss carry-over (NOLCO)	-	8,984,065
	-	14,788,530
Deferred tax liabilities		
Unrealized foreign exchange gain	-	(1,827,212)
Unrealized fair value gain on financial assets at fair value through profit or loss	-	(4,130,564)
Remeasurements of retirement benefit obligation	-	(394,349)
Lease payments	-	(6,904)
	-	(6,359,029)
Deferred tax assets, net	-	8,429,501

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

	Provision for profit share and other bonuses	Provision for other employee benefits	SCCP CTGF Contributions	Provision for retirement benefit obligation	Unrealized foreign exchange gain	Unrealized fair value gain on financial assets at fair value through profit or loss	Remeasurement of retirement benefit obligation	Lease payments	Impairment of PPE	NOLCO	Total
At 1 April 2023	3,372,500	2,397,865	495,529	442,262	(4,869,840)	(1,630,564)	(442,261)	(97,936)	-	-	(332,445)
(Charged) credited to profit or loss	(819,784)	(407,164)	348,039	(47,912)	3,042,628	(2,500,000)	-	91,032	23,130	8,984,065	8,714,034
Credited to other comprehensive income	-	-	-	-	-	-	47,912	-	-	-	47,912
At 31 March 2024	2,552,716	1,990,701	843,568	394,350	(1,827,212)	(4,130,564)	(394,349)	(6,904)	23,130	8,984,065	8,429,501
(Charged) credited to profit or loss	(2,552,716)	(1,990,701)	(843,568)	(394,350)	1,827,212	4,130,564	-	6,904	(23,130)	(8,984,065)	(8,823,850)
Credited to other comprehensive income	-	-	-	-	-	-	394,349	-	-	-	394,349
At 31 March 2025	-	-	-	-	-	-	-	-	-	-	-

In 2025, management did not recognize deferred tax assets given the uncertainty on short-term financial performance of the Company which the deferred tax assets will be charged against. Details of the unrecognized deferred tax asset components as at 31 March 2025:

	Amount
NOLCO	39,620,364
Excess Minimum Corporate Income Tax (MCIT)	2,666,642
Provision for profit share and other bonuses	2,469,925
Provision for other employee benefits	1,694,105
SCCP CTGF contributions	1,304,184
Provision for retirement benefit obligation	344,775
Impairment of PPE	23,130
Lease payments	13,720
Unrealized foreign exchange gain	(721,654)
Remeasurements of retirement benefit obligation	(343,648)
	47,071,543

Management will perform an assessment on an annual basis.

10 Equity

Details of share capital as at 31 March 2025 and 2024 follow:

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

As at 31 March 2025 and 2024, the Company has an additional paid-in capital of P9,604,122.

(a) Appropriation of retained earnings

In compliance with Rule 49.1 (B) - Reserve Fund of the SEC, every broker dealer with more than P50,000,000 unimpaired paid-up capital is required to appropriate at a minimum 10% of its audited net income to an appropriated retained earnings account. The total amount appropriated by the Company as at 31 March 2025 and 2024 amounts to P221,733,634. There was no additional appropriation for the year ended 31 March 2025 as the Company is in a net loss position.

(b) Unappropriated retained earnings

Currently, the Company is at negative unappropriated retained earnings of P129,914,054. The Company is currently finalizing the plan to address the negative unappropriated retained earnings either through release of appropriations or improvement in the result of operations.

(c) Dividends

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

Further, on 29 June 2023, management approved the declaration of P55.99 per share cash dividends to its shareholders amounting to P260,000,000 from its unappropriated retained earnings in 2023, which were paid on 6 July 2023.

No dividends were declared or paid in fiscal year 2025. As at 31 March 2025 and 2024, the Company has no excess retained earnings over its share capital.

11 Compensation and fringe benefits

The account for the years ended 31 March consists of:

	Notes	2025	2024
Salaries and wages		71,099,724	75,202,561
Termination pay		13,730,769	-
Bonus		9,965,644	10,260,863
Retirement benefit expense	12	6,188,112	6,578,784
Share-based compensation expense	13	298,544	683,195
Other employee benefits		2,305,682	1,397,891
		103,588,475	94,123,294

12 Retirement plan

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

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

	2025	2024
Present value of defined benefit obligation	79,770,482	84,943,195
Fair value of plan assets	79,765,978	84,943,195
Retirement benefit obligation	4,504	-

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

	2025	2024
Beginning of the year	84,943,195	75,349,066
Employer contributions	6,386,412	6,770,432
Interest income	5,473,272	5,013,988
Transfers	-	(781,453)
Remeasurement on plan assets (excluding interest income)	(17,036,901)	(1,408,838)
End of the year	79,765,978	84,943,195

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

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

	2025	2024
Beginning of the year	84,943,195	75,349,066
Current service cost	6,386,412	6,770,432
Interest expense	5,274,972	4,822,340
Transfers	-	(781,453)
Remeasurement gain		
Effects of experience adjustments	(16,832,422)	(1,217,190)
Effects of changes in demographic assumptions	(1,637)	-
Effects of changes in financial assumptions	(38)	-
End of the year	79,770,482	84,943,195

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

	2025	2024
Current service cost	6,386,412	6,770,432
Net interest cost		
Interest expense on defined benefit obligation	5,274,972	4,822,340
Interest income on plan assets	(5,473,272)	(5,013,988)
Retirement benefit expense	6,188,112	6,578,784

The details of accumulated other comprehensive income for the years ended 31 March are as follows:

	2025	2024
Beginning	1,183,048	1,326,784
Remeasurement - defined benefit obligation		
Due to experience adjustments	16,832,422	1,217,190
Due to changes in demographic assumptions	1,637	-
Due to changes in financial assumptions	38	-
Remeasurement - return on plan assets	(17,036,902)	(1,408,838)
Total remeasurement loss, gross of tax	(202,805)	(191,648)
Deferred tax effect	50,702	47,912
Total remeasurement, net of tax	(152,103)	(143,736)
End	1,030,945	1,183,048

As at 31 March 2025, the Company did not recognize deferred tax resulting from the remeasurement on retirement benefit obligation (Note 9).

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

	2025	2024
Equity securities	47,285,271	52,545,860
Debt securities	27,662,841	32,218,954
Others	4,817,866	178,381
	79,765,978	84,943,195

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

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

	2025	2024
Discount rate	6.24%	6.21%
Salary increase rate	5.00%	5.00%

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

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

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

The weighted average duration of the defined benefit obligation is 1.2 years (2024 - 1.3 years).

The expected contribution following the Company's defined contribution for the year ending 31 March 2026 amounts to nil.

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

	2025	2024
Less than a year	5,417,140	4,467,189
Between 1 to 3 years	13,199,862	10,400,483
Over 3 years	111,843,621	119,641,091

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

	Impact on retirement obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
31 March 2025			
Discount rate	+/-1%	(1,087)	170,403
Salary growth rate	+/-1%	168,077	(1,108)
31 March 2024			
Discount rate	+/-1%	-	97,999
Salary growth rate	+/-1%	94,119	-

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

13 Share-based compensation

Macquarie Group Employee Retained Equity Plan (MEREP)

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

13.1 Award types under MEREP

(a) *Deferred Share Units (DSUs)*

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

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

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

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

	Number of DSU Awards 2025	Number of DSU Awards 2024
DSUs on issue at the beginning of the financial year	1,244	1,509
Granted during the financial year	-	-
Forfeited during the financial year	-	-
Exercised during the financial year	(363)	(265)
Net transfers (to)/from related body corporate entities	-	-
DSUs on issue at the end of the financial year	881	1,244
DSUs exercisable at the end of the financial year	700	812

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

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

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

Vesting periods are as follows:

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

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

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

(b) Retained Profit Share Awards

For Retained Profit Share awards representing FY2024 retention, the allocation price was the weighted average price of the shares acquired for the 2024 purchase period, which was 13 May 2024 to 19 June 2024. That price was calculated to be \$191.54 (FY2023 retention: \$179.17).

13.2 Assumptions used to determine fair value of MEREP awards

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

DSUs have been granted in the current financial year in respect of 2024 performance. The accounting fair value of each of these grants is estimated using the MGL's share price on the date of grant.

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

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

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

For the financial year ended 31 March 2025, compensation expense relating to the MEREP totalled AUD 7,903 (P298,544) [2024: AUD 18,581 (P683,195)].

14 Lease commitments

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

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

The incremental borrowing rate applied to measure the lease liabilities for the financial years ended 31 March 2025 and 2024 is 5.31%.

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

	2025	2024
At 1 April	7,254,581	9,855,358
Interest expense	310,074	455,680
Principal and interest payments	(3,074,837)	(3,056,457)
At 31 March	4,489,818	7,254,581

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

	2025	2024
Less than one year	3,746,623	3,240,597
One to five years	896,174	4,363,614
Total undiscounted lease liability at 31 March	4,642,797	7,604,211
Imputed interest discount on lease	(152,979)	(349,630)
Lease liability included in the statement of financial position at 31 March	4,489,818	7,254,581

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

	2025	2024
Current	3,601,524	3,043,945
Non-current	888,294	4,210,636
	4,489,818	7,254,581

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

	2025	2024
Depreciation expense on right-of-use asset	2,960,679	2,964,909
Interest expense (included in finance cost)	310,074	455,680
	3,270,753	3,420,589

The total cash outflows for leases for the year ended 31 March 2025 amounts to P3,074,837 (2024 - P3,056,457) pertains to payment for lease liability and interest expense from lease liability.

15 Income taxes

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

	Note	2025	2024
Current		7,267,309	4,424,978
Deferred	9	8,480,201	(8,714,034)
		15,747,510	(4,289,056)

In 2025, current income tax expense includes final tax on interest income amounting to P850,668 (2024 - P881,425) and capital gain tax on the sale of Sta. Elena club shares amounting to P3,750,000.

Realization of the future tax benefits related to the deferred income tax asset is dependent on many factors, including the Company's ability to generate taxable income in the future. As at 31 March 2025, the unrecognized deferred income tax asset includes MCIT P2,666,642 (2024 - P3,543,553).

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

	2025	2024
Loss before tax	(116,999,538)	(31,530,574)
Income tax at statutory rate of 25%	(29,249,885)	(7,882,644)
Effect of items not subject to statutory income tax rate:		
Non-deductible expenses	310,569	272,236
Income subject to final tax	(2,384,715)	(220,356)
Income not subject to tax	(2)	(1,845)
Unrecognized deferred tax assets	47,071,543	3,543,553
Actual income tax expense	15,747,510	(4,289,056)

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

Year incurred	Year of expiry	2025	2024
2024	2027	3,543,553	3,543,553
2025	2028	2,666,642	-
		6,210,195	3,543,553

The Company is entitled to the NOLCO benefit which can be applied to its taxable income for three succeeding years from the year the loss was incurred. The details of unused NOLCO on the related DTA at 31 March are as follows:

Year incurred	Year of expiry	2025	2024
2024	2027	35,936,261	35,936,261
2025	2028	122,545,196	-
		158,481,457	35,936,261
DTA at 25%		39,620,364	8,984,065
Less: Recognized		-	8,984,065
Unrecognized		39,620,364	-

16 Related party transactions

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

i. Sale/purchase of services and other reimbursements

Entities under common control	2025	2024
	Income (expense) recognized in profit or loss	
Transactions for the year		
Commission income from securities transactions [a]	165,802,017	221,493,077
Service level agreements [b]	(172,857,686)	(161,297,300)
Reimbursements – income (expense) paid by related parties on behalf of the Company [c]	2,263,734	(24,515,013)
Interest income arising from cross border transactions [d]	500,988	1,294,633
Interest expense arising from cross border transactions [d]	(20,511,237)	(13,555,965)

Entities under common control	2025		
Outstanding balances:	Receivable	Payable	Terms and conditions
<i>Trade</i>			
Securities transactions, including commission income [a]	76,072,949	84,786,178	- Contracted trades to be settled based on T+2 policy. The outstanding balances pertain to amount of receivable from and payable to a related party (Note 4), which includes a portion for commission. - Partially secured (Note 4) - Settled in cash, on a net basis - Non-interest bearing
<i>Non-trade</i>			
Service level agreements [b]	6,001,924	371,849,619	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
Reimbursement - expense paid by related parties on behalf of the Company [c] [d]	44,672,165	127,662,444	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
	50,674,089	499,512,063	
Allowance for expected credit losses for non-trade receivables	(14,507)	-	
	50,659,582	499,512,063	

Entities under common control	2024		
Outstanding balances:	Receivable	Payable	Terms and conditions
<i>Trade</i>			
<i>Securities transactions, including commission income [a]</i>	21,514,584	199,431,488	- Contracted trades to be settled based on T+2 policy. The outstanding balances pertain to amount of receivable from and payable to a related party (Note 4), which includes a portion for commission. - Partially secured (Note 4) - Settled in cash, on a net basis - Non-interest bearing
<i>Non-trade</i>			
<i>Service level agreements [b]</i>	6,001,924	213,198,662	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
<i>Reimbursement - expense paid by related parties on behalf of the Company [c] [d]</i>	26,890,176	96,270,264	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
	32,892,100	309,468,926	
<i>Allowance for expected credit losses for non-trade receivables</i>	(13,290)	-	
	32,878,810	309,468,926	

(a) Securities transactions, including commission income

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

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

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

(b) Service level agreements

The Company has existing service agreements with various entities under common control. These entities provide services which include central executive, human resources, information technology, risk management, financial operation and taxation services, among others, to the Company. The Company is billed by the counterparties based on the agreed mark-up rate on the cost incurred in providing these services. The service agreement will remain in force unless earlier terminated by both parties. In 2025 and 2024, fees under the service agreements are presented as Management fees in the statement of comprehensive income.

(c) Reimbursement arrangements

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

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

(d) *Interest income and expense*

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

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

ii. Allowance for expected credit losses

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

	Stage I 12 month expected credit losses Non-trade receivables
Balance as at 31 March 2023	(16,765)
Reversal of expected credit losses	3,641
Foreign exchange movement	(166)
Balance as at 31 March 2024	(13,290)
Provision for expected credit losses	(1,553)
Foreign exchange movement	336
Balance as at 31 March 2025	(14,507)

iii. Key management compensation

	2025		
	Related party Transactions	Outstanding balances	Terms and conditions
<i>Key management compensation</i>			
Short-term employee benefits	59,025,179	7,296,301	- Short-term in nature
Termination benefits	13,730,769	-	- Unsecured
Post employment benefits	4,875,332	-	- Non-interest bearing
Share-based payments	282,187	-	- Settled at gross amount
	77,913,467	7,296,301	
	2024		
	Related party Transactions	Outstanding balances	Terms and conditions
<i>Key management compensation</i>			
Short-term employee benefits	61,640,439	6,890,000	- Short-term in nature
Termination benefits	-	-	- Unsecured
Post employment benefits	5,191,975	-	- Non-interest bearing
Share-based payments	678,330	-	- Settled at gross amount
	67,510,744	6,890,000	

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

17 Critical accounting estimates and judgments

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

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

17.1 Critical accounting estimates

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

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

If the actual useful lives of property and equipment will differ by 10% from management's estimates, the carrying amount of property and equipment in 2025 would be an estimated P180,035 (2024 - P540,847) higher and P39,319 (2024 - P361,437) lower, respectively.

(b) Retirement benefits (Note 12)

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

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

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

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

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

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

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

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

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

The detailed accounting policy for allowance for ECL is disclosed in Note 19. Likewise, information on the credit quality of receivables is presented in Note 18.1.2.

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

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

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

For the year ended 31 March 2025, the Company entirely disposed its financial assets at fair value through profit or loss.

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

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

In 2025 and 2024, the incremental borrowing rate applied to measure the lease liabilities is 5.31%.

As at 31 March 2025, if the Company's incremental borrowing rate increased/decreased by 1% while holding all other assumptions constant, the Company's lease liabilities would be lower/higher by P27,962 and P28,227 (2024 - P157,515 and P259,982) respectively, and profit before tax for the year ended 31 March 2025 would be lower/higher by P7,000 and P6,890 (2024 - P44,321 and P17,126), respectively.

17.2 Critical accounting judgments

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

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

As at 31 March 2024, management believes that sufficient taxable profit will be generated to allow all of the deferred income tax assets to be fully utilized. In 2025, management did not recognize deferred tax assets given the uncertainty on short-term financial performance of the Company which the deferred tax assets will be charged against (Note 9).

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

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

In March 2025, the Company performed an impairment test for its technology assets included in Office and computer equipment. The Company considers existence and reasonableness, among other factors, when reviewing for indicators of impairment. Technology assets that have no recent usage for the past 12 months are considered impaired.

No impairment loss recognized in 2025 in the statement of comprehensive income. Impairment loss on property and equipment amounting to P92,518 was recognized in 2024.

As at 31 March 2025 and 2024, management believes that the office space and trading right are fully recoverable.

(c) Classification of investment securities

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

18 Financial risk and capital management

18.1 Financial risk management

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

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

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

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

- The exposures to risk and how they arise;
- The objectives, policies and processes for managing the risk and the methods used to measure the risk; and
- Any changes to a) or b) since the previous accounting period.

18.1.1 Market risk

(a) Price risk

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

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

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

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

(b) Foreign currency exchange risk

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

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

2025						
	USD	AUD	HKD	SGD	JPY	KRW
ASSETS						
Cash	3,588,074	-	-	-	-	-
Due from related parties	134,569	19,015	80,064	11,250	-	-
	3,722,643	19,015	80,064	11,250	-	-
LIABILITIES						
Due to related parties	(6,707,133)	(1,663,519)	(1,902,968)	(246,614)	(1,183,507)	(16,938,470)
Net foreign currency denominated liabilities	(2,984,490)	(1,644,504)	(1,822,904)	(235,364)	(1,183,507)	(16,938,470)
Exchange rates at 31 March	57.26	35.78	7.36	42.60	0.38	0.04
Peso equivalent	(170,891,921)	(58,840,364)	(13,416,574)	(10,026,501)	(449,733)	(677,539)
2024						
	USD	AUD	HKD	SGD	JPY	KRW
ASSETS						
Cash	3,588,074	-	-	-	-	-
Due from related parties	55,298	2,954	80,064	11,658	-	-
	3,643,372	2,954	80,064	11,658	-	-
LIABILITIES						
Due to related parties	(4,077,934)	(1,356,882)	(787,001)	(247,146)	(1,183,500)	(16,938,440)
Net foreign currency denominated liabilities	(434,562)	(1,353,928)	(706,937)	(235,488)	(1,183,500)	(16,938,440)
Exchange rates at 31 March	56.17	36.62	7.18	41.64	0.37	0.04
Peso equivalent	(24,409,348)	(49,580,843)	(5,075,808)	(9,805,720)	(437,895)	(677,538)

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

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

	2025	2024
Realized foreign exchange gain (loss)	1,050,341	(9,441,686)
Unrealized foreign exchange gain, net	2,885,885	7,308,850
	3,936,226	(2,132,836)

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

	2025			2024		
	Appreciation (depreciation) of foreign currencies against PHP		Impact on pre-tax income	Appreciation (depreciation) of foreign currencies against PHP		Impact on pre-tax income
United States Dollar (USD)	+/- 1.94%	-/+	3,315,746	+/- 3.33%	-/+	813,938
Australian Dollar (AUD)	+/- 2.28%	-/+	1,341,195	+/- 0.82%	-/+	406,050
Hong Kong Dollar (HKD)	+/- 2.53%	-/+	339,040	+/- 3.67%	-/+	186,010
Singapore Dollar (SGD)	+/- 2.30%	-/+	230,255	+/- 1.95%	-/+	191,115
Japanese Yen (JPY)	+/- 2.83%	-/+	12,771	+/- 9.42%	-/+	41,341
Korean Won (KRW)	+/- 6.68%	-/+	43,958	+/- 0.03%	-/+	213

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

18.1.2 Credit risk

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

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

	2025	2024
Cash	1,024,594,120	965,066,755
Receivables		
Trade	222,569,047	255,072,346
Non-trade	50,659,582	32,878,810
Refundable deposit	885,489	806,652
	1,298,708,238	1,253,824,563

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

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

(a) Cash

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

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

	2025	2024
A+	893,891,418	1,372,605
A	-	848,078,188
A-	-	7,901,607
A--	20,307,701	-
BBB+	58,554,266	1,017,649
BBB-	51,840,735	106,696,706
	1,024,594,120	965,066,755

In 2025, the Company maintains its cash accounts amounting to P1,003,299,414 and P21,294,706 in universal and commercial banks (2024 - P913,967,580 and P51,099,175), respectively.

(b) Receivables

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

	2025	2024
Group 1 - related parties with no history of defaults	126,732,531	54,393,394
Group 2 - third party customers with no history of defaults	146,496,098	233,557,762
	273,228,629	287,951,156

Related parties

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

Third party customers and brokers

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

(c) Other financial assets

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

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

Refundable deposits arise mainly from the Company's operating lease agreements covering its office space. Management does not expect any of its counterparty to default in its refund obligations to the Company.

18.1.3 Liquidity risk

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

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

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

	2025		2024	
	Within one year	More than one year	Within one year	More than one year
<i>Financial assets</i>				
Cash	1,024,594,120	-	965,066,755	-
Receivables				
Trade	222,569,047	-	255,072,346	-
Non-trade	50,659,582	-	32,878,810	-
Refundable deposits	-	885,489	-	806,652
Total financial assets	1,297,822,749	885,489	1,253,017,911	806,652
<i>Financial liabilities</i>				
Payables				
Trade	218,538,535	-	243,760,593	-
Non-trade	499,512,063	-	309,468,926	-
Accrued expenses and other liabilities	17,308,050	-	17,247,133	-
Lease liability	3,467,441	896,174	3,240,597	4,363,615
Total financial liabilities	738,826,089	896,174	573,717,249	4,363,615
Total maturity gap	558,996,660	(10,685)	679,300,662	(3,556,963)

Accrued expenses and other liabilities as at 31 March 2025 exclude withholding taxes, stock transaction tax and output value-added tax amounting to P10,857,512 (2024 - P17,573,813) and provision for profit share and unused leave credits amounting to P11,866,748 (2024 - P12,256,113) which are considered non-financial liabilities (Note 8).

Fair value of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities carried at amortized cost approximate their fair values as at 31 March 2025 and 2024 due to their short-term maturities.

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

In FY2024, the fair value measurement of the Company's equity investments in golf club shares amounted to P17,833,333. The security is valued at the average of the quoted prices that are regularly available from the websites of three reputable club share dealers. In 2025, these golf club shares are fully disposed.

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

There were no transfers between Level 1 and Level 2 category in 2025 and 2024.

18.2 Offsetting financial assets and liabilities

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

2025			
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statements of financial position
Financial assets			
Trade receivables			
Customers	260,768,213	(114,272,115)	146,496,098
Related parties	165,911,120	(89,838,171)	76,072,949
Clearing house	-	-	-
	426,679,333	(204,110,286)	222,569,047
Financial liabilities			
Trade payables			
Customers	30,197,952	(65,179,698)	(34,981,746)
Related parties	63,157,232	(147,943,410)	(84,786,178)
Clearing House	-	(98,770,611)	(98,770,611)
	93,355,184	(311,893,719)	(218,538,535)
2024			
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statements of financial position
Financial assets			
Trade receivables			
Customers	131,508,287	(17,236,049)	114,272,238
Related parties	449,477,808	(427,963,224)	21,514,584
Clearing house	119,285,524	-	119,285,524
	700,271,619	(445,199,273)	255,072,346
Financial liabilities			
Trade payables			
Customers	-	(44,329,105)	44,329,105
Related parties	404,252,228	(603,683,716)	199,431,488
	404,252,228	(648,012,821)	243,760,593

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

18.3 Capital management

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

(a) Minimum capitalization requirement

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

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

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

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

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

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

Also, in compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for the exclusive benefit of its customers. The Company's reserve requirement is determined based on the SEC's prescribed computations. The company's reserve accounts included in cash in bank as at 31 March 2025 amounts to P59,000,000 (2024 - P60,000,000) (Note 2).

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

	2025	2024
NLC	480,391,325	621,570,879
NLC as a percentage of AI	63%	102%
RBCA ratio	563%	719%
AI as a percentage of NLC	159%	98%
CE	565,807,903	698,554,950
ORR	68,955,972	70,323,855

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

19 Summary of material accounting information

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

19.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the SEC.

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

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

Changes in accounting policy and disclosures

(a) New standard and amendments to existing standards adopted by the Company

There are no new standards or amendments to existing standards effective 01 April 2024 that have a material impact to the Company.

(b) New standard and amendments to existing standards not yet adopted

The following new accounting standard are not mandatory for 31 March 2025 reporting period and has not been early adopted by the Company:

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

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in PFRS 18 relate to:

- The structure of the statement of profit or loss with defined subtotals;
- Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

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

This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards

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

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) Update the disclosures for equity instruments design

The adoption of PFRS 18, PFRS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the Company.

There are no other new standards or amendments to existing standards that are effective for annual periods beginning on or after 1 April 2025 that are considered relevant or expected to have a material effect on the Company's financial statements.

19.2 Financial assets

19.2.1 Classification

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

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

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

Business model assessment

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

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

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

Solely payment for principal and interest (SPPI)

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

19.2.2 Impairment of financial assets

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

Expected credit losses

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

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

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

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

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

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

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

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

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

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

- Stage III - credit impaired (Lifetime ECL)

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

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

Measuring ECL - Inputs, assumptions and estimation techniques

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

The key model inputs used in measuring the ECL include:

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

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

Method of determining significant increase in credit risk (SICR)

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

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

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

Definition of default

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

Forward looking information (FLI)

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

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

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

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

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

19.3 Financial liabilities

Classification

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

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

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

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

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

19.4 Fair value measurement

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

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

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

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

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

Financial instruments

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

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

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

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

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

Non-financial assets

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

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

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

19.5 Offsetting of financial instruments

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

19.6 Trading right

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

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

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

19.7 Property and equipment

Property and equipment are recognized at cost upon initial recognition.

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

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

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

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

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

19.8 Impairment of non-financial assets

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

19.9 Provisions and contingencies

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

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

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

19.10 Leases

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

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

i. Measurement of lease liabilities

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

ii. Measurement of right-of-use assets

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

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

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

iii. Extension and termination options

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

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

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

19.11 Employee benefits

Short-term employee benefits

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

19.11.1 Retirement plan

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

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

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

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

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

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

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

19.11.2 Share-based payment

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

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

19.12 Income recognition

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

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

19.12.1 Fees and commission

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

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

19.13 Income tax

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

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

For purposes of income tax calculation in 2016, the Company has decided to avail the OSD as provided for under Revenue Regulations No. 16-2008 and No. 2-2010. In 2017, the Company has switched to itemized deduction for the purposes of income tax calculation. The Company continued to adopt the itemized deduction in 2025 and 2024.

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

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

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

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

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

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

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

(i) Output value-added tax (VAT)

Output VAT declared and paid for the year ended 31 March 2025 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Sale of services subject to 12% VAT	233,767,528	28,052,103
Cash payment		(20,913,572)
		7,138,531

The gross amount of revenues are based on gross receipts from sale of services of the Company while the revenues presented in the statement of total comprehensive income for the year ended 31 March 2025 are measured and presented in accordance with the Company's relevant revenue recognition policy.

Excess output VAT over input VAT as at 31 March 2025 amounting to P5,588,789 is included as part of Accrued expenses and other liabilities in the statement of financial position.

(ii) Input VAT

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

	Amount
Beginning balance	426,525
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	10,604
Capital goods subject to amortization	35,388
Services lodged in other accounts	5,721,771
	6,194,288
Input VAT claimed against output VAT	5,801,771
Ending balance	392,517

Input VAT is included in Prepayments and other current assets.

(iii) Documentary stamp tax

Documentary stamp taxes paid for the year ended 31 March 2025 amounting to P6,767 arising from payment of documents on intercompany settlements with the Company's affiliates are included in Taxes and licenses in the statement of total comprehensive income.

(iv) All other local and national taxes

All other local and national taxes paid for the year ended 31 March 2025 follow:

	Amount
Business permit	582,912
Fringe benefit tax	4,733
Community tax	10,500
Others	7,130
	605,275

Fringe benefit tax as presented above includes a portion paid on account of employees amounting to P83,783.

Others is composed of other taxes due

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

(v) *Stock transaction taxes*

Stock transaction taxes accrued and paid as at and for the year ended 31 March 2025 follow:

	Amount
Paid	437,091,803
Accrued	2,752,012
	439,843,815

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

(vi) *Withholding taxes*

Withholding taxes accrued and/or withheld and paid as at and for the year ended 31 March 2025 follow:

	Accrued	Paid	Total
Withholding tax on compensation	1,300,810	22,634,838	23,935,648
Final withholding tax	826,460	7,984,554	8,811,014
Expanded withholding tax	384,708	3,085,168	3,469,876
Fringe benefit tax	4,733	83,783	88,516
	2,516,711	33,788,343	36,305,054

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

(vii) *Tax assessments and tax cases*

Taxable years 2023, 2024 and 2025 are open tax years. The Company did not receive any Final Assessment Notice for the year ended 31 March 2025.

There are no outstanding tax cases under preliminary investigation, litigation and/or for prosecution in courts or bodies outside of the BIR as at 31 March 2025.

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

Macquarie Capital Securities (Philippines), Inc.

Supplementary Schedule of External Auditor Fee-Related Information
March 31, 2025 and 2024

	2025	2024
Total audit fees	700,197	673,266
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	160,000
All other services	-	-
Total non-audit fees	-	160,000
Total audit and non-audit fees	700,197	833,266

Trisha Ong Hian Huy

From: eafs@bir.gov.ph
Sent: Tuesday, 29 July 2025 3:12 pm
To: Charles Nipal
Cc: Charles Nipal
Subject: Your BIR AFS eSubmission uploads were received

This email is from an external sender

Caution: this sender is from outside your organisation.

Hi MACQUARIE CAPITAL SECURITIES (PHILIPPINES) INC,

Valid files

- EAFS000316497ITRTY032025.pdf
- EAFS000316497AFSTY032025.pdf
- EAFS000316497TCRTY032025-01.pdf
- EAFS000316497RPTTY032025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-J6D6FCG0768A97ABQ33TW2ST0PT3PP1TV**

Submission Date/Time: **Jul 29, 2025 03:12 PM**

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

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- 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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