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Receipt Date and Time: April 28, 2025 02:59:52 PM

Company Information

SEC Registration No.: 0000051205
Company Name: F. YAP SECURITIES INC.
Industry Classification: J66930
Company Type: Stock Corporation

Document Information

Document ID: OST10428202583216053
Document Type: Annual Audited Financial Report
Document Code: SEC_Form_52-AR
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

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

Subject: Your BIR AFS eSubmission uploads were received
From: eafs@bir.gov.ph
Date: 04/25/2025, 9:16 AM
To: ACCOUNTING@FYAPSECURITIES.COM
CC: INFO@FYAPSECURITIES.COM

Hi F. YAP SECURITIES, INC.,

Valid files

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- EAFS000333165TCRTY122024-12.pdf
- EAFS000333165AFSTY122024.pdf

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Transaction Code: **AFS-0-MQXSRRNX075H699J5NMR42W2R0Q3PW1NY4**
Submission Date/Time: **Apr 25, 2025 09:16 AM**
Company TIN: **000-333-165**

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

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 1 2 0 5

Company Name

F . Y A P S E C U R I T I E S , I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 8 / F L E P A N T O B L D G . 8 7 4 7 P A S E O
D E R O X A S B E L - A I R 1 2 0 9
C I T Y O F M A K A T I F O U T H D I S T R I C T
N C R

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C M R D	B R O K E R - D E A L E R

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@fyapsecurities.com	8 8 5 6 - 7 6 8 0	+63917-890-9097

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
Eleven (11)	Last Thursday of March	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Pacita K. Yap	info@fyapsecurities.com	8856-7680	+63917-890-9097

Contact Person's Address

18th Floor, Lepanto Building, 8747 Paseo de Roxas, 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.

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 January 1, 2024 and December 31, 2024.

IDENFICATION OF BROKER OR DEALER

Name of Broker/Dealer: **F.YAP SECURITIES, INC.**

Address of Principal Place of Business: 18/F Lepanto Building, 8747 Paseo de Roxas Bel-Air 1209
City of Makati, Fourth District NCR

Name and Phone Number of Person to Contact in Regard to this Report

Name: Pacita K. Yap Tel. No. 8856-76-80

IDENFICATION OF ACCOUNTANT

Name of Independent Certified Public Accountant whose opinion is contained in this report:

Name: Rose Angeli S. Bernaldo Tel. No. 8812-1718 to 24 loc. 102

Fax No. n/a

Address: 18/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Ayala North
Makati City

Certificate Number 114127

PTR Number 10481163 Date Issued January 15, 2025

F. YAP SECURITIES, INC.

MEMBER: PHILIPPINE STOCK EXCHANGE

18/F Lepanto Building, 8747 Paseo de Roxas, Makati City 1226 Philippines

Tel (632) 8856-7680 ● Email: info@fyapsecurities.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS

The Management of **F. YAP SECURITIES, INC.** (the "Company") is responsible for the preparation and fair presentation of the separate financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

CHRISTINE KAREN U. YAP	**ANTHONY Y. CHAO**
Chairman of the Board and President	Corporate Secretary and Treasurer

Signed this 7th day of April 2025.

PKF
R.S. Bernaldo & Associates

R.S. Bernaldo & Associates
18/F Cityland Condominium 10
Tower 1, 156 H.V. dela Costa St.,
Ayala North, Makati City,
Philippines 1226

+632 8812-1718 to 22
info@pkfrsbernaldo.com
www.pkfrsbernaldo.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
F. YAP SECURITIES, INC.
18/F Lepanto Building, 8747 Paseo de Roxas
Bel-Air 1209, City of Makati, Fourth District NCR

Report on the Audit of the Separate Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Separate Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010, 19-2011, and 34-2020 in Note 36, to the separate financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the Management of **F. YAP SECURITIES, INC.** The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

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

RSBernaldo

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

April 7, 2025

F. YAP SECURITIES, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023
(In Philippine Peso)

		2024			2023		
			Security Valuation			Security Valuation	
	NOTES	Book Value	Long	Short	Book Value	Long	Short
A S S E T S							
Current Assets							
Cash	7	**51,437,467**			13,801,893		
Financial assets at FVTPL	8	**113,824,070**			142,387,150		
Trade and other receivables – net	9	**85,125,166**	**875,294,267**		90,827,809	796,821,432	
Prepayments and other current assets	10	**872,724**			2,523,379		
		251,259,427	**875,294,267**		249,540,231	796,821,432	
Non-current Assets							
Financial assets at FVOCI	11	**39,509,180**			40,970,472		
Investment in a subsidiary	12	**43,529,562**			43,529,562		
Property and equipment – net	13	**53,767,259**			50,566,045		
Intangible assets – net	14	**443,536**			711,448		
		137,249,537			135,777,527		
TOTAL ASSETS		**388,508,964**	**875,294,267**		385,317,758	796,821,432	
S E C U R I T I E S							
In Vault, Transfer Office and Philippine Central Depository, Inc.				**3,429,399,560**			3,436,925,511
LIABILITIES AND STOCKHOLDERS' EQUITY							
L I A B I L I T I E S							
Current Liability							
Trade and other payables	15	**96,005,261**	**2,554,105,293**		93,991,682	2,640,104,079	
Non-current Liability							
Deferred taxes – net	26	**3,147,034**			5,077		
TOTAL LIABILITIES		**99,152,295**	**2,554,105,293**		93,996,759	2,640,104,079	
S T O C K H O L D E R S' E Q U I T Y							
Capital Stock	17	**181,125,000**			181,125,000		
Appropriated Retained Earnings	18	**13,920,928**			13,920,928		
Unappropriated Retained Earnings		**65,788,852**			66,657,213		
Reserves	11	**28,521,889**			29,617,858		
TOTAL STOCKHOLDERS' EQUITY		**289,356,669**			291,320,999		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**388,508,964**	**3,429,399,560**	**3,429,399,560**	385,317,758	3,436,925,511	3,436,925,511

(See Notes to Separate Financial Statements)

F. YAP SECURITIES, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)

	NOTES	2024	2023
REVENUES	19	**18,175,255**	27,093,673
COST OF SERVICES	20	**11,712,772**	20,661,677
GROSS PROFIT		**6,462,483**	6,431,996
FINANCE COST	15	**531,822**	-
OTHER INCOME – net	21	**11,455,289**	3,910,224
		17,385,950	10,342,220
OPERATING EXPENSES	22	**14,347,420**	27,954,176
PROFIT (LOSS) BEFORE TAX		**3,038,530**	(17,611,956)
INCOME TAXES	25	**3,906,891**	(9,170,654)
LOSS		**(868,361)**	(8,441,302)
OTHER COMPREHENSIVE INCOME (LOSS)			
ITEM THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS:			
FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSETS AT FVOCI – net	11	**(1,095,969)**	2,154,250
TOTAL COMPREHENSIVE LOSS		**(1,964,330)**	(6,287,052)
LOSS PER SHARE			
Basic Loss per Share	27	**(0.48)**	(4.66)

(See Notes to Separate Financial Statements)

F. YAP SECURITIES, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	Notes	Capital Stock	Reserves	Retained Earnings		Total
				Appropriated	Unappropriated	
Balance at January 1, 2023		181,125,000	27,463,608	13,920,928	75,098,515	**297,608,051**
Loss					(8,441,302)	**(8,441,302)**
Other comprehensive income	11		2,154,250			**2,154,250**
Balance at December 31, 2023	11,17,18	**181,125,000**	**29,617,858**	**13,920,928**	**66,657,213**	291,320,999
Loss					(868,361)	**(868,361)**
Other comprehensive loss	11		(1,095,969)			**(1,095,969)**
Balance at December 31, 2024	11,17,18	**181,125,000**	**28,521,889**	**13,920,928**	**65,788,852**	**289,356,669**

(See Notes to Separate Financial Statements)

F. YAP SECURITIES, INC.
SEPARATE STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	NOTES	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) before tax		**3,038,530**	(17,611,956)
Adjustments for:			
Depreciation	13,20,22	**10,263,161**	1,528,575
Unrealized loss on financial assets at FVTPL	8,21	**5,156,391**	4,648,742
Finance cost	15	**531,822**	-
Amortization	14,22	**267,912**	267,857
Provision for expected credit losses	9,22	**-**	20,518,363
Unrealized foreign exchange loss (gain)	7,21	**(3,697)**	835
Finance income	7,21	**(30,275)**	(23,927)
Reversal of allowance for expected credit losses	9,21	**(753,749)**	-
Gain on waived lease payments and finance cost	15,21,24	**(4,627,365)**	-
Dividend income	8,21	**(5,049,054)**	(8,420,705)
Gain on sale on financial assets at FVTPL	8,19	**(12,113,179)**	(11,316,301)
Operating cash flows before changes in working capital		**(3,319,503)**	(10,408,517)
Decrease (Increase) in operating assets:			
Financial assets at FVTPL		**35,519,868**	(18,829,707)
Trade and other receivables		**6,456,392**	49,767,710
Prepayments and other current assets		**(121,591)**	2,145,375
Decrease in trade and other payables		**(3,794,482)**	(29,823,930)
Cash generated from (used in) operations		**34,740,684**	(7,149,069)
Dividends received	8,21	**5,049,054**	8,420,705
Income tax paid		**-**	(300,906)
Net cash from operating activities		**39,789,738**	970,730
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received	7,21	**30,275**	23,927
Additions to property and equipment	13	**(2,188,136)**	(13,659,070)
Net cash used in investing activities		**(2,157,861)**	(13,635,143)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH	7,21	**3,697**	(835)
NET INCREASE (DECREASE) IN CASH		**37,635,574**	(12,665,248)
CASH AT BEGINNING OF YEAR		**13,801,893**	26,467,141
CASH AT END OF YEAR		**51,437,467**	13,801,893

(See Notes to Separate Financial Statements)

F. YAP SECURITIES, INC.
NOTES TO SEPARATE FINANCIAL STATEMENTS
December 31, 2024 and 2023

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

F. Yap Securities, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 10, 1973. The Company is primarily engaged in the business of stock and bond brokers and dealers in securities, and in all activities directly or indirectly connected therewith or/incident thereto.

The Company is 59.75% owned by YHS Holdings Corporation (the "Parent"), a domestic corporation, and 40.25% owned by Filipino individuals. The Parent's registered office address is located at E-2301 23/F PSE Ctr. Exchange Rd., Pasig City.

In accordance with Securities Regulation Code (SRC) Rule 28.1, the Company has been appointed successor broker of PCCI Securities Brokers Corporation in May 2018.

On a special joint meeting by the Board of Directors and the stockholders, held on May 31, 2024,the merger of the Company and its wholly-owned subsidiary, Yapster e-Trade, Inc. was approved. As of December 31, 2024, the Company's merger application to SEC is still on-going. Once approved by the SEC, its subsidiary's operations shall continue under F. Yap Securities, Inc.

During 2024, the Company transferred to its new office and business address from 17/F to 18/F of Lepanto Building, 8747 Paseo de Roxas Bel-Air 1209, City of Makati, Fourth District NCR.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

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

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

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

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

  The amendments to PAS 1 are the following:

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

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

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

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

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

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

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

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

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

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

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

2.02 New and Revised PFRSs in Issue but Not Yet Effective

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

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

- PFRS 17, *Insurance Contracts*

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

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

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

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

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

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

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

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

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

- Amendments to PAS 21, *Lack of Exchangeability*

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

  The amendments cover the following areas:

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

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

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

  The amendments cover the following areas:

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

    - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.

    - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

    - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.

  - There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11

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

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

  - PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9, *Financial Instruments*.

- PFRS 7, *Financial Instruments: Disclosures*

  - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued.

  - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

  - Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.

- PFRS 9, *Financial Instruments*

  - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.

  - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15, *Revenue from Contracts with Customers* while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.

- PFRS 10, *Consolidated Financial Statements, Determination of a 'de facto agent'* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

- PAS 7, *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

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

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

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

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

The new requirements include:

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

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

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

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

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

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

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

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

2.02.02 Deferred

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

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

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

3. BASIS FOR THE PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

3.01 Statement of Compliance

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

3.02 Functional and Presentation Currency

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

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

3.03 Basis of Preparation

The Company opted not to prepare Consolidated Financial Statements on the grounds that:

- It is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- Its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- Its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with PFRSs.

3.04 Current and Non-current Presentation

The Company classifies an asset as current when:

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

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;

- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

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

4. MATERIAL ACCOUNTING POLICIES

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

4.01 Fair Value Measurement

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

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

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

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

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

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

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

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

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

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

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

4.02.02 Classification

➢ Financial Asset Measured at Amortized Cost

  A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

  Financial assets measured at amortized cost include cash in banks, reserve bank account, and trade and other receivables.

  a) Cash in Banks and Reserve Bank Account

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

  b) Trade and Other Receivables

  Trade and other receivables are initially recognized at the amount to be received. Subsequently, it is measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

➢ Financial Asset at Fair Value through Other Comprehensive Income

  The Company makes an irrevocable election at initial recognition for investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income.

  Financial assets at fair value through other comprehensive income include investment in shares of stock traded in the local stock exchange and investment in yatchclub shares.

- Financial Asset at Fair Value through Profit or Loss

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

  Financial assets at fair value through profit or loss includes held for trading investments.

4.02.03 Effective Interest Method

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

4.02.04 Impairment

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

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

The Company adopted the following approaches in accounting for impairment.

- General Approach

  The Company applies the general approach to cash in banks, reserve bank account, and other receivables. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

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

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

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

  The Company does not apply the 30 days rebuttable presumption because the Company determines that there have been no significant increases in credit risk even when the contractual payments are 30 days past due.

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

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

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

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

The Company determines that a financial asset is credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

➢ Simplified Approach

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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

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

4.02.05 Derecognition

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

4.03 Investment in a Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the exposure or rights, to variable returns from the involvement with an investee and the ability to affect those returns through its power over an investee.

Investment in a subsidiary is accounted under the cost method. Under the cost method, the Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Company.

4.04 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Furniture and equipment	4 to 6 years
Transportation equipment	9 years

Leasehold improvements are depreciated over the shorter between improvements' useful life of five (5) years or the lease term.

The residual value, useful life and depreciation method of the Company's property and equipment is reviewed, and adjusted prospectively if appropriate, if there is an indication of a change since the last reporting date.

Construction-in-progress pertains to condominium units that are in the course of construction for rental or administrative purposes and are carried at cost, less any recognized impairment losses. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

4.05 Intangible Assets

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful life are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the Company's computer software's estimated useful life of five (5) years.

The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

4.06 Impairment of Assets

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

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

4.07 Financial Liabilities

4.07.01 Initial Recognition and Measurement

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

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.07.02 Classification

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

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

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

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

4.07.03 Derecognition

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

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

4.08 Equity Instruments

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

Ordinary shares are classified as equity.

4.09 Offsetting of Financial Instruments

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

4.10 Employee Benefits

4.10.01 Short-term Benefits

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

4.11 Provisions and Contingent Liabilities

4.11.01 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.11.02 Contingent Liabilities

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

4.12 Revenue Recognition

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

4.12.01 Performance Obligations Satisfied Over Time

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

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

Per SRC Rule 30.2, the following minimum commission rates apply:

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

4.12.02 Principal versus Agent Considerations

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

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

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

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

4.12.03 Dividend Income

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

4.13 Expense Recognition

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

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

Costs and expenses are recognized upon utilization of the service or at the date they are incurred. Certain costs and expense are allocated as follows:

	Operating Expenses	Cost of Services
Rent	60%	40%
Postage, telephone and communication	60%	40%
Office supplies	60%	40%
Depreciation	75%	25%

4.14 Leases

4.14.01 The Company as Lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition, the Company assesses whether the contract meets three (3) key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

The Company has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-Use (ROU) Asset

At the commencement date, the Company measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Company;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU asset is carried at cost less accumulated depreciation and accumulated impairment losses. The Company depreciates the ROU asset on a straight-line method from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist.

On the separate statements of financial position, right-of-use assets have been presented under property and equipment.

Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the 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 an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Company recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

On the separate statements of financial position, lease liabilities have been presented under trade and other payables.

4.15 Related Parties and Related Party Transactions

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

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

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.

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

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

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

4.16 Taxation

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

4.16.01 Current Tax

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

4.16.02 Deferred Taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

4.16.03 Current and Deferred Taxes for the Period

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

4.17 Events after the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

4.18 Changes in Accounting Policies

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

5.01 Critical Judgments in Applying Accounting Policies

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

5.01.01 Assessment of Contractual Terms of a Financial Asset

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

Management assessed that the contractual terms of all its financial assets (except financial assets at FVTPL and financial assets at FVOCI) are payments of principal and interest that is consistent with basic lending arrangement.

As of December 31, 2024 and 2023, financial assets measured at amortized cost amounted to ₱136,557,653 and ₱104,624,722, respectively, as disclosed in Note 30.02.

5.01.02 Assessment of Control

The Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Company controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtained benefits from activities. In making its judgments, the Company considers all facts and circumstances when assessing control over an investee.

In both years, the Company assessed that it has control since it has power over the subsidiary, exposure or rights to variable returns from its involvement, and ability to use its power to affect the component of its returns.

As of December 31, 2024 and 2023, investment in a subsidiary amounted to ₱43,529,562, as disclosed in Note 12.

5.01.03 Assessment of Timing of Satisfaction of Performance Obligations

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

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

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

In 2024 and 2023, revenue on commission amounted to ₱6,062,076 and ₱15,777,372, respectively, as disclosed in Note 19.

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

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

Management assessed that the transaction price for each contract with clients need not be allocated since each contract contains only one performance obligation which pertains to stockbroking.

5.01.05 Assessment of 30 Days Rebuttable Presumption

An entity determines when a significant increase in credit risks occurs on its financial assets based on the credit management practice of the entity.

Management did not apply the 30 days rebuttable presumption because the Company determines that there have been no significant increases in credit risk even when the contractual payments are 30 days past due.

5.01.06 Assessment of 90 Days Rebuttable Presumption

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

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

5.01.07 Assessment of Provision and Contingency

Judgment is exercised by Management to distinguish between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 4.11 and disclosure on relevant provisions and contingencies are presented in Note 28.

5.01.08 Assessment of Principal-Agency Arrangement

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

In 2024 and 2023, the Company assessed that it is acting as an agent and recognized commission income from agency relationship amounting to ₱6,062,076 and ₱15,777,372, respectively, as disclosed in Note 19.

In 2024 and 2023, the Company also assessed that it is acting as a principal and recognized commission expense from agency relationship amounting to ₱497,536 and ₱2,138,715, respectively, as disclosed in Note 20.

5.01.09 Determining whether or not a Contract Contains a Lease

Management assessed that the contract entered with Zamcore Realty and Development Corporation (ZRDC), in both years qualifies as a lease since the contract contains an identified asset, the Company has the right to obtain substantially all of the economic benefits, and the Company has the right to direct the use of identified asset throughout the period of use.

5.01.10 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that the lease term covered the non-cancellable lease period only since the renewal option is still subject to mutual agreement by both parties, which is not enforceable under Philippine laws.

5.02 Key Sources of Estimation of Uncertainties

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

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

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

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

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

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

In both years, Management assessed that there is no significant change in the residual values, useful lives and depreciation method used from previous estimates since the most recent annual reporting period. As of December 31, 2024 and 2023, the aggregate carrying amounts of depreciable property and equipment amounted to ₱19,827,272 and ₱22,264,178 , respectively, as disclosed in Note 13.

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

The residual value, useful life and amortization method of the Company's intangible assets are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the asset is derecognized. The Company uses straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the asset's future economic benefits.

The Company assessed that the useful life of its computer software as finite. Intangible assets with finite life are amortized over its useful life. The Company estimates the useful life and amortization method of intangible assets based on the period and pattern in which the capitalized software's economic benefits are expected to be consumed by the Company. The estimated useful lives and amortization period of intangible assets are reviewed at each reporting period and updated if there are changes in the expected useful lives or expected pattern of consumption of future economic benefits embodied in the intangible assets.

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

In both years, Management assessed that there is no significant change in the residual value, useful life and amortization method used for computer software from previous estimates since the most recent annual reporting period. As of December 31, 2024 and 2023, the carrying amounts of computer software is ₱245,536 and ₱513,448, respectively, as disclosed in Note 14.

In both years, the Management assessed that events and circumstances continue to support an indefinite useful life for its PSE trading rights. PSE trading rights amounted to ₱198,000 in both years, as disclosed in Note 14.

5.02.03 Impairment of Assets

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

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

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

In both years, the Management believed that there is no indication of impairment in the aforementioned assets. In both years, the Management believed that the recoverable amount of its PSE trading rights approximates its carrying amount, hence no impairment loss is recognized. As of December 31, 2024 and 2023, the aggregate amounts of the aforementioned assets amounted to ₱98,613,081 and ₱97,330,434, respectively, as disclosed in Notes 10, 12, 13 and 14.

5.02.04 Estimating the Appropriate Discount Rate to Use

The Company measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

Management used its incremental borrowing rate of 6.05% in 2024 to measure the present value of its lease liabilities since the implicit rate was not readily available, as disclosed in Note 15.

5.02.05 Deferred Tax Assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized prior to expiration.

In both years, the Management believed that the Company would generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized prior to its expiration. As of December 31, 2024 and 2023, the Company's deferred tax assets amounted to ₱6,361,187 and ₱9,867,543, respectively, as disclosed in Note 26.

5.02.06 Estimating Allowance for Expected Credit Losses

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

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

In both years, Management believed that certain receivables are uncollectible, hence, aggregate allowance for expected credit losses of trade and other receivables amounting to ₱20,118,413 and ₱20,872,162 as of December 31, 2024 and 2023, respectively, were recognized as disclosed in Notes 9 and 30.02. In 2023, provision for expected credit losses had to be recognized amounting to ₱20,518,363, respectively, as disclosed in Notes 9 and 22. In 2024, gain on reversal of allowance for expected credit losses amounting to ₱753,749 is recognized, as disclosed in Notes 9 and 21. Management believed that the allowance provided is sufficient to cover future losses.

As of December 31, 2024 and 2023, the carrying amounts of aggregate carrying amounts of financial assets measured at amortized cost amounted to ₱136,557,653 and ₱104,624,722, respectively, as disclosed in Note 30.02.

5.02.07 Post-employment Benefits

The determination of the retirement benefit obligation and cost is dependent on the selection of certain assumptions used by actuaries in calculating such amounts.

Those assumptions include among others, discount rates, mortality of plan members and rates of compensation increase. In accordance with generally accepted accounting principle, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Company has five (5) qualified employees who have met the minimum length of service of at least five (5) years in the Company in accordance with the provisioning requirements of Republic Act No. 7641. However, the Company is exempted from the coverage of the provision. The Company opted to not recognize retirement benefits in both years.

5.02.08 Contingencies

Estimates of probable costs for the resolution of these claims disclosed in Note 28 has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company’s strategies relating to these proceedings.

6. OFFSETTING OF FINANCIAL INSTRUMENTS

The following are the quantitative information for recognized financial asset:

		Gross carrying amount (before offsetting)		Gross amount set off		Net amount presented in separate statements of financial position (Notes 9 and 16)
December 31, 2024						
Financial assets						
Receivable from clearing house	₱	**24,042,373,279**	₱	**(24,042,373,279)**	₱	**-**
Receivable from other brokers		**20,900,000**		**(5,735,212)**		**15,164,788**
Financial liabilities						
Payable to clearing house		**24,042,746,366**		**(24,042,373,279)**		**373,087**
Payable to other brokers		**5,735,212**		**(5,735,212)**		**-**
December 31, 2023						
Financial assets						
Receivable from clearing house	₱	27,613,526,060	₱	(27,603,805,661)	₱	9,720,399
Receivable from other brokers		36,000,000		(3,510,995)		32,489,005
Financial liabilities						
Payable to clearing house		27,603,805,661		(27,603,805,661)		-
Payable to other brokers		3,510,995		(3,510,995)		-

7. CASH

For the purpose of the separate statements of cash flows, cash includes cash on hand, cash in banks and reserve bank account.

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

		2024		2023
Cash on hand	₱	**4,980**	₱	4,980
Cash in banks		**51,315,287**		13,679,773
Reserve bank account		**117,200**		117,140
	₱	**51,437,467**	₱	13,801,893

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

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Company's special savings account earns interest up to 0.15% inclusive of final tax for December 31, 2024 and 2023, respectively. Finance income from the bank recognized by the Company amounted to ₱30,275 and ₱23,927 for the years ended December 31, 2024 and 2023, respectively, as disclosed in Note 21. For the years ended December 31, 2024 and 2023, unrealized foreign exchange gain and loss amounted to ₱3,697 and ₱835, respectively, as disclosed in Note 21.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The Company's financial assets at fair value through profit or loss are as follows:

		2024		2023
Outside PSE Index	₱	**16,100,970**	₱	43,944,899
Inside PSE Index		**97,723,100**		98,442,251
	₱	**113,824,070**	₱	142,387,150

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

The Company recognized an unrealized loss in the market value of financial assets at FVTPL amounting to ₱5,156,391 and ₱4,648,742 for the years ended December 31, 2024 and 2023, respectively, as disclosed in Note 21.

The Company recorded a realized net gain on sale of financial assets at FVTPL amounting ₱12,113,179 and ₱11,316,301 for the years ended December 31, 2024 and 2023, respectively, as disclosed in Note 19.

For the years ended December 31, 2024 and 2023, the Company earned and received dividend income from these financial assets amounting to ₱5,049,054 and ₱8,420,705, respectively, as disclosed in Note 21.

9. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables consist of:

		2024		2023
Trade	₱	**90,077,738**	₱	69,301,816
Allowance for expected credit losses – trade		**(20,118,413)**		(20,872,162)
		69,959,325		48,429,654
Receivable from other brokers		**15,165,841**		32,677,756
Receivable from clearing house (Note 6)		**-**		9,720,399
	₱	**85,125,166**	₱	90,827,809

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

As of December 31, 2024 and 2023, receivable from other brokers include outstanding balance with related parties amounted to ₱15,164,788 and ₱32,489,005, respectively, as disclosed in Notes 6 and 16.01.01.

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

The Company's aging schedules are as follows:

		2024		2023
T+0 – T+1	₱	**4,899,788**	₱	10,859,143
T+2 – T+12		**6,129,390**		273,063
T+13 – T+30		**339,985**		246
Over T+30		**78,708,575**		58,169,364
	₱	**90,077,738**	₱	69,301,816

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

		2024		
		Debit Balances		**Security Long Valuation**
Cash and fully secured accounts:				
More than 250%	₱	**4,456,934**	₱	**769,562,988**
Between 200% and 250%		**16,902,559**		**36,985,584**
Between 150% and 200%		**6,988,210**		**11,350,789**
Between 100% and 150%		**41,175,644**		**57,344,836**
Less than 100%		**90,386**		**50,070**
Unsecured accounts		**20,464,005**		**-**
	₱	**90,077,738**	₱	**875,294,267**

		2023		
		Debit Balances		Security Long Valuation
Cash and fully secured accounts:				
More than 250%	₱	5,121,496	₱	728,567,057
Between 200% and 250%		-		-
Between 150% and 200%		33,347,237		58,225,344
Between 100% and 150%		795,481		804,317
Less than 100%		9,386,095		9,224,714
Unsecured accounts		20,651,507		-
	₱	69,301,816	₱	796,821,432

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

		2024		2023
Balance, January 1	₱	**20,872,162**	₱	353,799
Provision for expected credit losses (Note 22)		**-**		20,518,363
Gain on reversal of allowance for expected credit losses (Note 21)		**(753,749)**		-
Balance, December 31	₱	**20,118,413**	₱	20,872,162

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

10. PREPAYMENTS AND OTHER CURRENT ASSETS

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

		2024		2023
Prepayments	₱	**176,593**	₱	1,559,709
Excess tax credits		**483,101**		516,941
Advances to officers and employees		**161,623**		161,623
Deferred input VAT		**51,407**		102,814
Input VAT		-		182,292
	₱	**872,724**	₱	2,523,379

Prepayments pertain to prepaid rent, insurance, taxes and licenses of the Company. As of December 31, 2024 and 2023, the Company has an unutilized portion of advance rental payment amounting to nil and ₱1,372,635, respectively, as disclosed in Note 24.

As of December 31, 2024 and 2023, input VAT is net of amount applied against output VAT amounting to ₱1,975,024 and ₱3,265,061, respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income consist of PSE shares in which demutualization of the Exchange in August 2001 and the listing of PSE shares on December 15, 2003 have resulted to the conversion of the former Exchange Seat to 50,000 PSE shares and Trading Right.

The financial assets at fair value though other comprehensive income consists of the following:

		2024		2023
Investment in PSE shares (Note 11.01)	₱	**39,359,180**	₱	40,799,150
Investment in yacht club shares (Note 11.02)		**150,000**		171,322
	₱	**39,509,180**	₱	40,970,472

The fair values of financial assets at fair value through other comprehensive income have been determined directly by reference to published prices in active market. The unrealized fair value loss and gain on the financial assets at fair value through other comprehensive income, net of tax, amounting to ₱1,095,969 and ₱2,154,250 in 2024 and 2023, respectively, is shown as other comprehensive income in the separate statements of comprehensive income. As of December 31, 2024 and 2023, the cumulative market adjustment recognized amounted to ₱28,521,889 and ₱29,617,858, net of its tax effect of ₱9,507,297 and ₱9,872,620, respectively, as disclosed in Note 26.02, respectively.

11.01 Investment in PSE Shares

The reconciliation of the carrying amounts of the Company's investment in PSE shares for December 31, 2024 and 2023 are shown below:

		2024		2023
Cost	₱	**1,300,000**	₱	1,300,000
Accumulated change in fair value				
Balance at the beginning of the year		**39,499,150**		36,619,210
Net market adjustments		**(1,079,978)**		2,159,955
Deferred tax		**(359,992)**		719,985
Balance, December 31		**38,059,180**		39,499,150
	₱	**39,359,180**	₱	40,799,150

As of December 31, 2024 and 2023, the Company has a total number of 239,995 PSE shares.

Unrealized fair value changes on these financial assets at fair value through other comprehensive income are taken directly into the equity net of related tax.

11.02 Investment in Yacht Club Shares

The reconciliation of the shares and carrying amounts of the Company's investment in yacht club shares for 2024 and 2023 are shown below:

		2024		2023
Cost	₱	**180,000**	₱	180,000
Accumulated change in fair value				
Balance at the beginning of the year		**(8,678)**		(1,071)
Net market adjusted		**(15,991)**		(5,705)
Deferred tax		**(5,331)**		(1,902)
Balance, December 31		**(30,000)**		(8,678)
	₱	**150,000**	₱	171,322

With reference to published price and based to the last transacted price of the share done, the fair value of this club share amounted to ₱150,000 and ₱171,322, as of December 31, 2024 and 2023, respectively. In 2024 and 2023, the Company recognized unrealized loss in equity amounting to ₱21,322 and ₱7,607, respectively.

12. INVESTMENT IN A SUBSIDIARY

Investment in a subsidiary is accounted under the cost method. The Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

Details of the Parent Company's investment in subsidiary are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership and Voting Interest	
			2024	2023
Yapster e-Trade, Inc.	Brokerage Services	Philippines	**100.00%**	100.00%

The summarized financial information of the subsidiary is as follows:

	2024	2023
Total assets	**₱ 249,170,590**	₱ 306,585,009
Total liabilities	**217,797,389**	271,430,162
Net assets	**31,373,202**	35,154,847
Deficit, beginning	**(7,845,153)**	(1,540,648)
Loss	**(3,781,646)**	(6,304,505)

As of December 31, 2024 and 2023, investment in a subsidiary amounted to ₱43,529,562.

As of December 31, 2024 and 2023, the Company has an unpaid subscription with its subsidiary amounting to ₱17,000,000.

The Company has determined that there is no indication that impairment has occurred on its investment in a subsidiary in both years.

13. PROPERTY AND EQUIPMENT – net

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

	Furniture and Equipment	Transportation Equipment	Leasehold Improvement	Construction-in-Progress	Right-of-use Asset	Total
January 1, 2023						
Cost	₱ 15,324,527	₱ 12,880,620	₱ 4,287,986	₱ 28,301,867	₱ -	₱ **60,795,000**
Accumulated depreciation	(12,508,557)	(7,702,852)	(2,148,041)	-	-	**(22,359,450)**
Carrying amount	**2,815,970**	**5,177,768**	**2,139,945**	**28,301,867**	-	**38,435,550**
Movements during 2023						
Balance, January 1	2,815,970	5,177,768	2,139,945	28,301,867	-	**38,435,550**
Additions	-	-	13,659,070	-	-	**13,659,070**
Depreciation	(790,222)	(591,161)	(147,192)	-	-	**(1,528,575)**
Balance, December 31	**2,025,748**	**4,586,607**	**15,651,823**	**28,301,867**	-	**50,566,045**
December 31, 2023						
Cost	15,324,527	12,880,620	17,947,056	28,301,867	-	**74,454,070**
Accumulated depreciation	(13,298,779)	(8,294,013)	(2,295,233)	-	-	**(23,888,025)**
Carrying amount	**2,025,748**	**4,586,607**	**15,651,823**	**28,301,867**	-	**50,566,045**
Movements during 2024						
Balance, January 1	2,025,748	4,586,607	15,651,823	28,301,867	-	**50,566,045**
Additions	262,589	-	1,925,547	-	11,276,239	**13,464,375**
Depreciation	(802,665)	(591,155)	(3,231,222)	-	(5,638,119)	**(10,263,161)**
Balance, December 31	**1,485,672**	**3,995,452**	**14,346,148**	**28,301,867**	**5,638,120**	**53,767,259**
December 31, 2024						
Cost	15,587,116	12,880,620	19,872,603	28,301,867	11,276,239	**87,918,445**
Accumulated depreciation	(14,101,444)	(8,885,168)	(5,526,455)	-	(5,638,119)	**(34,151,186)**
Carrying amount	₱ **1,485,672**	₱ **3,995,452**	₱ **14,346,148**	₱ **28,301,867**	₱ **5,638,120**	₱ **53,767,259**

Additions amounting to ₱2,188,136 and ₱13,659,070 in 2024 and 2023, respectively, were paid in cash. Additions to ROU asset amounting to ₱11,276,239 pertain to lease contract entered in 2024, as disclosed in Notes 24 and 32.

As of December 31, 2024 and 2023, lease liability related to ROU asset amounted to ₱5,808,061 and nil, respectively, as disclosed in Note 15.

In both years, fully depreciated property and equipment amounting to ₱20,692,803 are still in use.

Depreciation is allocated as follows:

		2024		2023
Cost of services (Note 20)	₱	**2,565,790**	₱	382,144
Operating expenses (Note 22)		**7,697,371**		1,146,431
	₱	**10,263,161**	₱	1,528,575

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

14. INTANGIBLE ASSETS – net

The carrying amounts of the Company's intangible assets are as follows:

		PSE Trading Rights		Computer Software		Total
January 1, 2023						
Cost	₱	198,000	₱	1,339,285	₱	**1,537,285**
Accumulated amortization		-		(557,980)		**(557,980)**
Carrying amount		**198,000**		**781,305**		**979,305**
Movements during 2023						
Balance, January 1		198,000		781,305		**979,305**
Amortization (Note 22)		-		(267,857)		**(267,857)**
Balance, December 31		**198,000**		**513,448**		**711,448**
December 31, 2023						
Cost		198,000		1,339,285		**1,537,285**
Accumulated amortization		-		(825,837)		**(825,837)**
Carrying amount		**198,000**		**513,448**		**711,448**
Movements during 2024						
Balance, January 1		198,000		513,448		**711,448**
Amortization (Note 22)		-		(267,912)		**(267,912)**
Balance, December 31		**198,000**		**245,536**		**443,536**
December 31, 2024						
Cost		198,000		1,339,285		**1,537,285**
Accumulated amortization		-		(1,093,749)		**(1,093,749)**
Carrying amount	₱	**198,000**	₱	**245,536**	₱	**443,536**

14.01 PSE Trading Rights

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

As a result of the conversion plan and on the basis of the relative fair values of the PSE and the trading rights as of the time of demutualization, the Company's membership in the stock exchange amounted to ₱198,000 in both years.

There is no impairment in PSE trading rights' value for both years. Trading rights as the subject of the most recent sale approved by the PSE Board of Directors on December 14, 2011 amounted to ₱8,500,000. This is based on the certification dated March 4, 2014, issued to the Company by the Philippine Stock Exchange, Inc. – Market Regulation Division.

14.02 Computer Software

The software underwent major system upgrades in 2019 amounting to ₱1,339,285. The upgraded system was completed in December 2020. It is also the commencement date of the use of the upgraded system.

As of December 31, 2024 and 2023, carrying amount of computer software amounted to ₱245,536 and ₱513,448, respectively.

As of December 31, 2024 and 2023, the remaining useful life is one (1) year and two (2) years, respectively.

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

15. TRADE AND OTHER PAYABLES

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

		2024		2023
Payable to customers	₱	**87,251,341**	₱	92,015,011
Lease liability (Note 15.01)		**5,808,061**		-
Payable to government agencies		**416,388**		222,197
Payable to clearing house		**373,087**		-
Dividends payable – customers		**140,619**		171,111
Accrued expenses		**54,400**		137,587
Payable to other brokers		**3,665**		3,441
Others		**1,957,700**		1,442,335
	₱	**96,005,261**	₱	93,991,682

Payable to customers are non-interest bearing and normally paid within two (2) days after the trading date.

Payable to clearing house should be paid within two (2) days after the transaction date. Otherwise, the Company will be considered in default and will be charged with penalties. In 2024 and 2023, payable to clearing house was presented as net of receivable from clearing house, as disclosed in Note 6.

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

The Company's payable to customers as of December 31, 2024 and 2023 consists of the following:

	2024		2023	
	Credit Balances	**Security Valuation/ Long**	Credit Balances	Security Valuation/ Long
Free balance				
With money	**₱ 87,251,341**	**₱ 850,927,686**	₱ 92,015,011	₱ 668,508,342
No money	**-**	**1,703,177,607**	-	1,971,595,737
	₱ 87,251,341	**₱ 2,554,105,293**	₱ 92,015,011	₱ 2,640,104,079

15.01 Lease Liability

The Company, as a lessee, entered into lease agreement as disclosed in Note 24. The incremental borrowing rate applied to lease liability recognized under PFRS 16 *Leases*, is 6.05% at the initial recognition in 2024.

The totals of future minimum lease payments at the end of the reporting period are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2024	2023	**2024**	2023
Not later than one (1) year	**₱ 6,000,000**	₱ -	**₱ 5,808,061**	₱ -
Discount	**(191,939)**	-	**-**	-
Present value of minimum lease payments	**₱ 5,808,061**	₱ -	**₱ 5,808,061**	₱ -

Additions to lease liability in 2024 and 2023 amounted to ₱9,903,604 and nil, respectively, as disclosed in Notes 24 and 32. Finance cost incurred amounted to ₱531,822 and nil in 2024 and 2023, respectively. However, due to the poor market conditions and continuous losses of the Company, the lessor granted a rent-free arrangement for 2024. Hence, in 2024, the Company recognized gain on waived lease payments and finance cost amounting to ₱4,627,365, as disclosed in Notes 21 and 24.

As of December 31, 2024 and 2023, right-of-use asset related to the lease liability have carrying amount of ₱5,638,120 and nil, respectively, as disclosed in Note 13.

The Company is compliant with the terms and conditions of the lease contracts.

16. RELATED PARTY TRANSACTIONS

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

Related Parties	Nature of Relationship
YHS Holdings Corporation (YHS)	Parent
Yapster e-Trade, Inc. (YETI)	Subsidiary
Stockholders	Members of Key Management Personnel

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

16.01 Subsidiary

Transactions with the subsidiary are disclosed as follows:

16.01.01 Receivable from Other Brokers

Transactions with the subsidiary are detailed as follows:

	December 31, 2024		December 31, 2023	
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance
Receivable from other brokers	**₱ 20,900,000**	**₱ 20,900,000**	₱ 36,000,000	₱ 36,000,000
Offsetting (Note 6)	-	**(5,735,212)**	-	(3,510,995)
	₱ 20,900,000	**₱ 15,164,788**	₱ 36,000,000	₱ 32,489,005

In 2024 and 2023, payment for the trading transactions amounted to ₱32,489,005 and nil, respectively. This pertains to trade receivables with the subsidiary as advances for the net buying and selling of the trading transactions which is non-interest bearing, collectible on demand, and will be settled in cash or offsetting. No guarantees have been received. No provision for expected credit loss was recognized

As of December 31, 2024 and 2023, the Company has an outstanding receivable with YETI amounting to ₱15,164,788 and ₱32,489,005, respectively, as disclosed in Notes 6 and 9.

16.01.02 Payable to Brokers

Buying and selling transactions of the broker are set out below:

	December 31, 2024		December 31, 2023	
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance
Payable to brokers	**₱ 1,976,146,633**	**₱ 5,735,212**	₱ 1,774,386,829	₱ 3,510,995
Offsetting (Note 6)	-	**(5,735,212)**	-	(3,510,995)
	₱ 1,976,146,633	**₱ -**	₱ 1,774,386,829	₱ -

In 2024 and 2023, payment for the trading transactions amounted to ₱1,970,411,421 and ₱1,772,083,896, respectively. The amount outstanding pertains to the net buying and selling for the last two (2) trading days which is non-interest bearing, payable on demand, and will be settled in cash or offsetting. No guarantees have been given.

16.01.03 Commission

The Company collects ₱20 to its related party for every buying and selling transaction. For the years ended December 31, 2024 and 2023, aggregate commission income from buying and selling transaction amounted to ₱437,960 and ₱400,980, respectively, as disclosed in Note 19.

Details of the total volume of buying and selling transactions subjected to commission are as follows:

	December 31, 2024		December 31, 2023	
	Volume	**Commission**	Volume	Commission
Buying	**₱ 1,338,952,796**	**₱ 254,100**	₱ 1,364,325,142	₱ 224,320
Selling	**1,510,570,623**	**183,360**	1,317,215,219	176,660
	₱ 2,849,523,419	**₱ 437,460**	₱ 2,681,540,361	₱ 400,980

16.02 Remuneration of Key Management Personnel

For the years ended December 31, 2024 and 2023, the remuneration of the directors and other members of key management personnel of the Company amounted to ₱367,709 and ₱363,206, respectively.

17. CAPITAL STOCK

The capital stock of the Company are as follows:

	2024		2023	
	Shares	**Amount**	Shares	Amount
Authorized ₱100 par value	**2,000,000**	**₱ 200,000,000**	2,000,000	₱ 200,000,000
Subscribed capital ₱100 par value	**2,000,000**	**₱ 200,000,000**	2,000,000	₱ 200,000,000
Subscription receivable ₱100 par value	**(188,750)**	**(18,875,000)**	(188,750)	(18,875,000)
Paid-up capital ₱100 par value	**1,811,250**	**₱ 181,125,000**	1,811,250	₱ 181,125,000

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

18. APPROPRIATED RETAINED EARNINGS

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

a. Every dealer broker shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the Appropriated Retained Earnings account in accordance with the balance of its Unimpaired Paid-Up Capital;

b. Consistent with the general usage under SRC Rule 28.1, the term "Unimpaired Paid-Up Capital" shall refer to the firm's Total Paid-Up Capital less any deficiency in the Retained Earnings account";

c. The amount appropriated shall not be available for the payment of dividends; and

d. Where in any financial year the Broker-dealer's Paid-Up capital is impaired, the Broker-dealer is required to transfer from Appropriated Retained Earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out should not be available for payment of dividend.

Retained earnings to be appropriated is computed as follows:

Unimpaired Paid-Up Capital	**Minimum percentage of profit after tax to be placed in the Appropriated Retained Earnings**
Between ₱10M – ₱30M	30%
Between ₱30M – ₱50M	20%
More than ₱50M	10%

As of December 31, 2024 and 2023, the appropriated retained earnings amounted to ₱13,920,928. No additional appropriation was made since the Company reported a net loss in both years. The Company is compliant with the above requirements.

19. REVENUES

The following is an analysis of the Company's revenues:

		2024		2023
Commission	₱	**6,062,076**	₱	15,777,372
Gain on sale of financial assets at FVTPL (Note 8)		**12,113,179**		11,316,301
	₱	**18,175,255**	₱	27,093,673

The Company charges its clients for the buying and selling of securities at rates ranging from 0.25% to 1.5% based on transaction value. Included in the commission is the transaction with its subsidiary amounting to ₱437,960 and ₱400,980 in 2024 and 2023, respectively, as disclosed in Note 16.

20. COST OF SERVICES

The following is an analysis of the Company's cost of services:

		2024		2023
Stock exchange dues	₱	**3,797,958**	₱	11,854,022
Short-term employee benefits (Note 23)		**3,225,361**		3,482,844
Depreciation (Note 13)		**2,565,790**		382,144
Postage, telephone and communication		**1,076,017**		1,027,529
Commission		**497,536**		2,138,715
Central depository fees		**453,418**		553,470
Office supplies		**96,692**		36,996
Rent (Note 24)		-		1,185,957
	₱	**11,712,772**	₱	20,661,677

Stock exchange dues pertain to payments for the charges by the PSE, Securities Clearing Corporation of the Philippines (SCCP) for the Company's transactions.

21. OTHER INCOME – net

Components of other income are as follows:

		2024		2023
Dividend income (Note 8)	₱	**5,049,054**	₱	8,420,705
Gain on waived lease payments and finance cost (Notes 15 and 24)		**4,627,365**		-
Gain on reversal of allowance for expected credit losses (Note 9)		**753,749**		-
Finance income (Note 7)		**30,275**		23,927
Unrealized foreign exchange gain (loss) (Note 7)		**3,697**		(835)
Unrealized loss on financial assets at fair value through profit or loss (Note 8)		**(5,156,391)**		(4,648,742)
Miscellaneous		**6,147,540**		115,169
	₱	**11,455,289**	₱	3,910,224

Miscellaneous pertain to payments from penalties imposed on customers for late payments and selling commission from shares subscribed from the entities conducting Initial Public Offerings (IPO).

22. OPERATING EXPENSES

The account is composed of the following expenses:

		2024		2023
Depreciation (Note 13)	₱	**7,697,371**	₱	1,146,431
Condominium dues and fees		**1,711,200**		605,308
Postage, telephone and communication		**1,614,026**		1,541,294
Utilities		**621,983**		44,221
Professional fees		**534,298**		275,644
Short-term employee benefits (Note 23)		**410,584**		400,382
Penalties (Note 35.01.01.05)		**401,323**		-
Taxes and licenses		**390,023**		439,933
Amortization (Note 14)		**267,912**		267,857
Entertainment, amusement and recreation		**159,827**		182,274
Office supplies		**145,038**		55,494
Insurance		**70,487**		29,953
Bank charges		**56,275**		65,700
Repairs and maintenance		**54,820**		73,895
Trainings and seminars		**20,400**		1,071
Provision for expected credit losses (Note 9)		-		20,518,363
Rent (Note 24)		-		1,778,935
Others		**191,853**		527,421
	₱	**14,347,420**	₱	27,954,176

Condominium dues and fees pertain to the monthly dues paid by the Company for its leased office space.

Postage, telephone and communication pertain to the monthly bills charged by the service provider for the cost of calls made over telecommunication networks.

23. EMPLOYEE BENEFITS

23.01 Short-term Employee Benefits

The short-term employee benefits are composed of the following:

		2024		2023
Salaries and wages	₱	**3,335,382**	₱	3,579,717
SSS, HDMF and PHIC contributions		**300,563**		303,509
	₱	**3,635,945**	₱	3,883,226

The short-term employee benefits are allocated as follows:

		2024		2023
Cost of services (Note 20)	₱	**3,225,361**	₱	3,482,844
Operating expenses (Note 22)		**410,584**		400,382
	₱	**3,635,945**	₱	3,883,226

24. LEASE AGREEMENT

24.01 The Company as a Lessee

Lease Payments Not Recognized as a Liability

The Company's office space with an area of 415.95 square meters is owned by Zamcore Realty and Development Corporation (ZRDC), who has agreed to have the Company use the unit for its business purpose. The lease term shall be for one (1) year starting January 1, 2021, subject to renewal upon mutual written agreement of the parties. Monthly rental shall be ₱951,693 exclusive of twelve percent (12%) VAT to be paid on or before 5th day of every month. Upon signing of the contract, the Company shall pay an advance rental amounting to ₱1,372,635, exclusive of VAT. The amount herein mentioned shall be subjected to the requisite withholding tax.

In the event that the lessee should pre-terminate the agreement for whatever reason, it shall pay liquidated damages equivalent to three months' rental and for this purpose, the advance rental shall be forfeited by the lessor.

Before the lease contract expires in 2021, both parties agreed to renew the lease agreement for another year by paying advance rentals amounting to ₱5,929,783 which was utilized in 2022.

Some modifications were made in the renewed lease contract such as a reduction in monthly rental effective January 2022 which was ₱494,149 only, exclusive of twelve percent (12%) VAT.

However, due to the poor market conditions in 2022, the lessor granted an additional 50% discount on the agreed monthly rental rate in the renewed lease contract. The discounted monthly rental fee amounting to ₱247,075 will be applied up to 2023.

Accordingly, prepaid rent as of December 31, 2024 and 2023 amounted to nil and ₱1,372,635, respectively, as disclosed in Note 10.

Rental expense in 2024 and 2023 are allocated as follows:

		2024		2023
Cost of services (Note 20)	₱	-	₱	1,185,957
Operating expenses (Note 22)		-		1,778,935
	₱	-	₱	2,964,892

Lease Payments Recognized as a Liability

The Company's office space with an area of 1,000 square meters is owned by Zamcore Realty and Development Corporation (ZRDC), who have agreed to have the Company use the unit for its business purpose. The lease term shall be for two (2) years starting January 1, 2024, subject to renewal upon mutual written agreement of the parties. Monthly rental shall be ₱500,000 exclusive of twelve percent (12%) VAT. The amount herein mentioned shall be subjected to the requisite withholding tax.

In 2024, the Company recognized additions to ROU asset and lease liability amounting to ₱11,276,239 and ₱9,903,604, respectively, as disclosed in Notes 13, 15 and 32.

However, due to the poor market conditions and continuous losses of the Company, the lessor granted a rent-free arrangement for 2024. Hence, in 2024, the Company recognized gain on waived lease payments and finance cost amounting to ₱4,627,365, as disclosed in Notes 15 and 21.

As of December 31, 2024 and 2023, ROU asset amounted to ₱5,638,120 and nil, respectively, as disclosed in Note 13, while lease liability amounted to ₱5,808,061 and nil, respectively, as disclosed in Note 15.

25. INCOME TAXES

25.01 Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows:

		2024		2023
Current tax expense	₱	**399,611**	₱	98,324
Deferred tax expense (benefit) (Note 26)		**3,507,280**		(9,268,978)
	₱	**3,906,891**	₱	(9,170,654)

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

		2024		2023
Accounting profit (loss)	₱	**3,038,530**	₱	(17,611,956)
Tax expense (benefit) at 25%		**759,633**		(4,402,989)
Adjustment to deferred taxes		**4,330,749**		(2,656,507)
Non-deductible expenses		**86,342**		-
Finance income subjected to final tax		**(7,569)**		(5,982)
Dividend income exempt from tax		**(1,262,264)**		(2,105,176)
	₱	**3,906,891**	₱	(9,170,654)

Details of NOLCO are as follows:

Year Incurred		Amount		Applied Previous Year		Applied Current Year		Unapplied	Expiry Date
2023	₱	**880,878**	₱	**-**	₱	**880,878**	₱	**-**	2026

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

Year Incurred		Amount		Applied Previous Year		Applied Current Year		Unapplied	Expiry Date
2023	₱	**98,324**	₱	-	₱	**98,324**	₱	-	2026

26. DEFERRED TAXES – net

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

		2024		2023
Deferred tax assets (Note 26.01)	₱	**6,361,187**	₱	9,867,543
Deferred tax liabilities (Note 26.02)		**(9,508,221)**		(9,872,620)
	₱	**(3,147,034)**	₱	(5,077)

26.01 Deferred Tax Assets

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

	Unrealized Foreign Exchange Loss	Allowance for Expected Credit Losses	Unrealized Market Loss on FA at FVTPL	NOLCO	MCIT	Effect of PFRS 16	Total
Balance, January 1, 2023	₱ -	₱ 88,450	₱ 512,057	₱ -	₱ -	₱ -	₱ **600,507**
Recognized in profit or loss	209	5,129,591	3,818,692	220,220	98,324	-	**9,267,036**
Balance, December 31, 2023	**209**	**5,218,041**	**4,330,749**	**220,220**	**98,324**	-	9,867,543
Recognized in profit or loss	(209)	(188,437)	(3,041,651)	(220,220)	(98,324)	**42,485**	**(3,506,356)**
Balance, December 31, 2024	**₱ -**	**₱ 5,029,604**	**₱ 1,289,098**	**₱ -**	**₱ -**	**₱ 42,485**	**₱ 6,361,187**

26.02 Deferred Tax Liabilities

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

		Unrealized Foreign Exchange Gain		Unrealized Market Gain on FA at FVOCI		Total
Balance, January 1, 2023	₱	1,942	₱	9,154,536	₱	**9,156,478**
Recognized in profit or loss		(1,942)		-		**(1,942)**
Recognized in other comprehensive income		-		718,084		**718,084**
Balance, December 31, 2023		-		**9,872,620**		**9,872,620**
Recognized in profit or loss		924		-		**924**
Recognized in other comprehensive income		-		(365,323)		**(365,323)**
Balance, December 31, 2024	**₱**	**924**	**₱**	**9,507,297**	**₱**	**9,508,221**

27. BASIC LOSS PER SHARE

The Company's basic loss per share is presented below:

		2024		2023
Loss	**₱**	**(868,361)**	₱	(8,441,302)
Divided by:				
Weighted average number of shares outstanding		**1,811,250**		1,811,250
	₱	**(0.48)**	₱	(4.66)

28. CONTINGENCY

On June 23, 2021, the Capital Markets Integrity Corporation (CMIC) filed a Petition for Review with the Court of Appeals Fourth Division. CMIC sought to annul the decision dated June 7, 2021 of the Securities and Exchange Commission (SEC) En Banc in its SEC En Banc Case No. 07-20-385 which: (i) reversed and set aside the CMIC's Resolution dated June 16, 2020 in CMIC-ACD-REU-2019-162; and (ii) granted the appeal filed by the Company.

On September 12, 2023, the Court of Appeals Fourth Division (CA-G.R. SP No. 169504) rendered its decision. The Court ruled that the Company did not violate Article XV (1) of the Implementing Guidelines of the Revised Trading Rules and the PSE Memoranda Nos. 2008-0457 and 2016-0083 in relation to Rule 30.2.5.2 of the 2015 SRC Rules. Furthermore, the issue on whether the Company had failed to establish and maintain an appropriate and effective compliance function was also resolved in favor of the Company.

As of December 31, 2024 and 2023, the Company does not believe that a provision must be recognized.

29. FAIR VALUE MEASUREMENTS

29.01 Fair Value of Financial Assets and Liabilities

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

		2024		
		Carrying Amount		**Fair Value**
Financial Assets:				
Cash	₱	**51,437,467**	₱	**51,437,467**
Financial assets at FVTPL		**113,824,070**		**113,824,070**
Trade and other receivables – net		**85,125,166**		**85,125,166**
Financial assets at FVOCI		**39,509,180**		**39,509,180**
	₱	**289,895,883**	₱	**289,895,883**
Financial Liability:				
Trade and other payables	₱	**95,588,873**	₱	**95,588,873**

		2023		
		Carrying Amount		Fair Value
Financial Assets:				
Cash	₱	13,801,893	₱	13,801,893
Financial assets at FVTPL		142,387,150		142,387,150
Trade and other receivables – net		90,827,809		90,827,809
Financial assets at FVOCI		40,970,472		40,970,472
	₱	287,987,324	₱	287,987,324
Financial Liability:				
Trade and other payables	₱	93,769,485	₱	93,769,485

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

- Due to short-term maturities, the carrying amounts of cash, trade and other receivables, and trade and other payables (excluding payable to government agencies) approximate their fair values.
- Financial assets at FVTPL and financial assets at FVOCI are measured at fair values as determined by reference to published price quotations at the financial reporting dates.

29.02 Fair Value Measurements Recognized in the Separate Statements of Financial Position

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

The Company used Level 1 to value its financial assets at FVTPL and financial assets at FVOCI. Accordingly, fair value of the financial assets at FVTPL amounted to ₱113,824,070 and ₱142,387,150 as of December 31, 2024 and 2023, respectively, while fair value of the financial assets at FVOCI amounted to ₱39,509,180 and ₱40,970,472, as of December 31, 2024 and 2023, respectively.

29.03 Fair Value Determinations of Assets and Liabilities

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

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

29.03.01 Fair Value Hierarchy

Shown below are the fair values of assets:

Recurring Fair Value Measurements

	Level 1	Level 2	Level 3	Total
2024				
Financial assets at FVTPL	**₱ 113,824,070**	**₱ -**	**₱ -**	**₱ 113,824,070**
Financial assets at FVOCI	**39,509,180**	**-**	**-**	**39,509,180**
2023				
Financial assets at FVTPL	₱ 142,387,150	₱ -	₱ -	₱ 142,387,150
Financial assets at FVOCI	40,970,472	-	-	40,970,472

The Company used Level 1 to value its financial assets at fair value through other comprehensive income and fair value through profit or loss. There is no transfer between Level 1 and 2, in both years.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

30.01 Market Risk Management

30.01.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest rates.

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

30.02 Credit Risk Management

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

In accordance with SRC Rule 52.1, the Company provides an allowance for credit losses accounts as follows:

Classification	**Provision**	Base
T+0 to T+1	**0**	Total receivable (TR)
T+2 to T+12	**2%**	TR
T+13 to T+30	**50%**	TR less collateral (net of haircut)
Over T+30	**100%**	TR less collateral (net of haircut)

Under PFRS 9, the Company shifts from a 'loss incurred approach' to an 'expected loss' model in determining the allowance for credit losses. However, the Management believes that the impairment allowances are not materially affected in as much as the credit term is only two (2) days and that beyond 31 days a 100% provision is already provided. The same table of provision is, therefore, used.

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

- Banks

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

- Trade and Other Receivables

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

Financial assets measured at amortized cost are as follows:

		2024		2023
Cash in banks and reserve bank account	₱	**51,432,487**	₱	13,796,913
Trade and other receivables – net		**85,125,166**		90,827,809
	₱	**136,557,653**	₱	104,624,722

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

- Probability of Default (PD)

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

- Loss Given Default (LGD)

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

- Exposure at Default (EAD)

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

Below is the summary of computation of allowance for expected credit losses:

		December 31, 2024				
	PD rate	**LGD rate**		**EAD**		**ECL**
	a	**b**		**c**		**d=a*b*c**
Cash in banks and reserve bank account	**0.00%**	**0.00% to 98.96%**	₱	**51,432,487**	₱	**-**
Trade and other receivables	**18.55%**	**0.00% to 100.00%**		**105,243,579**		**20,118,413**
			₱	**156,676,066**	₱	**20,118,413**

December 31, 2023						
	PD rate	LGD rate		EAD		ECL
	a	b		c		d=a*b*c
Cash in banks and reserve bank account	0.00%	0.00% to 95.09%	₱	13,796,913	₱	-
Trade and other receivables	18.69%	0.00% to 100.00%		111,699,971		20,872,162
			₱	125,496,884	₱	20,872,162

Cash in Banks and Reserve Bank Account

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

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 98.96% and 0.00% to 95.09% in 2024 and 2023, respectively.

In both years, exposure at default is equal to the gross carrying amount of cash in banks and reserve bank account.

Trade and Other Receivables

The Company determined the probability of default rate by considering the following: the schedules of trade receivables for the past five years; the nature of business and industry classification of the Company's customer; the past, current, and forecast performance of customer's industry; and the past, current, and forecast macro-economic factors that may affect the Company's customer. The Company estimated the probability of default to be 18.55% and 18.69% for its customers in 2024 and 2023, respectively.

Loss given default after considering collaterals are 0.00% to 100% in both years.

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

30.03 Liquidity Risk Management

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

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

	Weighted Average Effective Interest Rate		Within One (1) Year
December 31, 2024			
Trade and other payables	**-**	**₱**	**95,588,874**
December 31, 2023			
Trade and other payables	-	₱	93,769,485

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

	Weighted Average Effective Interest Rate		**On Demand**		**Within One (1) Year**		**More than One (1) Year**		**Total**
December 31, 2024									
Cash on hand	-	**₱**	**4,980**	**₱**		**₱**			**4,980**
Cash in banks	**Floating rates**		**51,315,287**		-		-	**₱**	**51,315,287**
Reserve bank account	**Floating rates**		**117,200**		-		-		**117,200**
Financial assets at FVTPL	-		-		**113,824,070**		-		**113,824,070**
Trade and other receivables – net	-		**15,165,841**		**69,959,325**		-		**85,125,166**
Financial assets at FVOCI	-		-		-		**39,509,180**		**39,509,180**
		₱	**66,603,308**	**₱**	**183,783,395**	**₱**	**39,509,180**	**₱**	**289,895,883**

	Weighted Average Effective Interest Rate		On Demand		Within One (1) Year		More than One (1) Year		Total
December 31, 2023									
Cash on hand	-	₱	4,980	₱	-	₱	-	₱	4,980
Cash in banks	Floating rates		13,679,773		-		-		13,679,773
Reserve bank account	Floating rates		117,140		-		-		117,140
Financial assets at FVTPL	-		-		142,387,150		-		142,387,150
Trade and other receivables – net	-		32,677,756		58,150,053		-		90,827,809
Financial assets at FVOCI	-		-		-		40,970,472		40,970,472
		₱	46,479,649	₱	200,537,203	₱	40,970,472	₱	287,987,324

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

The Company monitors capital on the basis of the following:

1. Proportion of net debt to equity.

		2024		2023
Debt	₱	**99,152,295**	₱	93,996,759
Cash		**51,437,467**		13,801,893
Net debt		**47,714,828**		80,194,866
Equity		**289,356,669**		291,320,999
Net debt to equity ratio		**0.16:1**		0.28:1

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

2. Rules and regulations of the SRC with respect to the minimum:
   a. Unimpaired paid-up capital;
   b. Net liquid capital; and
   c. RBCA ratio.

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

31.01 Paid-up Capital Requirement

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

a. Capital contributions of partners or par value or stated value of common stock;
b. Payment made on subscribed common stock;
c. Par or stated value of preferred stock;
d. Payment made on subscribed preferred stock;
e. Common stock to be distributed (arising from a stock dividend declaration);

f. Additional paid in capital for both common and preferred stocks; and

g. Donated capital.

Under present regulations, the minimum paid-up capital for existing broker-dealer participating in a registered clearing agency is ₱30 Million, provided it is not (a) a first time registrant and (b) is not acquiring the business of existing broker-dealer firms. The Company's paid-up capital is ₱181,125,000 for both years.

31.02 Net Liquid Capital Requirement

Every broker-dealer shall, at all times, have and maintain net liquid capital (NLC) of at least ₱5,000,000 or 5% of the aggregate indebtedness (AI), whichever is higher. However, a broker-dealer who deals only with proprietary shares and does not keep the shares under its custody shall maintain an NLC of ₱2,500,000 or 2.5% of the AI, whichever is higher.

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

a. Deferred income tax;

b. Revaluation reserves; and

c. Minority interest and any outside investment in affiliates and associates.

The Company's NLC is ₱140,941,339 and ₱140,986,952 as of December 31, 2024 and 2023. The Company's required NLC is ₱5,000,000 as of December 31, 2024 and 2023. Hence, the Company is in compliance with the NLC requirement.

31.03 RBCA Ratio Requirement

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

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

a. Operational risk requirement;

b. Credit risk requirement which include requirements for counterparty risk, settlement risk, large exposure risk, and margin lending/financing risk; and

c. Position or market risk requirement.

The Company's RBCA ratio is 318% and 256% as of December 31, 2024 and 2023, respectively. The Company's RBCA ratio is within the required limit. These conditions have been mitigated by the Company's plan to increase its RBCA ratio by issuing additional shares and pledging of cash.

The Company's ratio of AI to NLC is 68% and 67% in 2024 and 2023, respectively. The Company is in compliance with the required ratio of AI to NLC.

The Company's core equity is ₱261,703,140 and ₱270,144,443 as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Company's ORR amounted to ₱10,299,788 and ₱10,191,458, respectively. Hence, the Company is in compliance with the core equity requirement.

32. NON-CASH TRANSACTION

The Company entered into non-cash investing which are not reflected in the separate statements of cash flows.

In 2024, the Company recognized additions to ROU asset and lease liability amounting to ₱11,276,239 and ₱9,903,604, respectively, as disclosed in Notes 13, 15 and 24.

33. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

		2024		2023
Beginning balance, January 1	₱	-	₱	-
Changes from financing cash flows				
Additions to lease liabilities		**9,903,604**		-
Finance cost on lease liabilities		**531,822**		-
Gain on waived lease payments and finance cost		**(4,627,365)**		-
	₱	**5,808,061**	₱	-

34. EVENTS AFTER REPORTING PERIOD

34.01 Investment in Subsidiary

On March 7, 2025, the Company made partial payment amounting to ₱1,000,000 for the unpaid subscriptions to its subsidiary amounting to ₱17,000,000, as disclosed in Note 12. As of the approval date of financial statements, unpaid subscriptions of the Company amounted to ₱16,000,000.

35. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved and authorized for issuance by the Board of Directors on April 7, 2025.

36. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS

36.01 Revenue Regulations No. 15 – 2010

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

36.01.01 Taxes and Licenses Paid or Accrued

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

36.01.01.01 Output VAT

The following is an analysis of the Company's total output VAT declared during the year based on the amount reflected in the revenue and other income subjected to VAT:

		VATable Sales		Government Sales		Output VAT
Commission	₱	4,975,158	₱	1,086,919	₱	**727,449**
Gain on sale of market securities		12,113,178		-		**1,453,581**
Miscellaneous		419,130		-		**50,296**
	₱	**17,507,466**	**₱**	**1,086,919**	**₱**	**2,231,326**

As of December 31, 2024, the Company's VAT payable amounted to ₱256,302.

36.01.01.02 Input VAT

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

Balance, January 1	₱	182,292
Deferred input VAT		102,814
Current year's domestic purchases/payments for:		
Domestic purchase of goods other than capital goods		77,961
Domestic purchase of services		1,609,018
Total available input VAT		**1,972,085**
Input tax on capital goods exceeding P1M deferred for succeeding period		(51,407)
Total allowable input VAT		**1,920,678**
Creditable VAT withheld		54,346
Applied against output VAT		(1,975,024)
Balance, December 31	**₱**	-

36.01.01.03 Other Taxes and Licenses

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

Registration, permits and licenses	₱	334,408
Real property taxes		48,129
Documentary stamp taxes		7,486
	₱	**390,023**

The Company's documentary stamp tax payments pertain to insurance.

36.01.01.04 Withholding Taxes

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

Expanded withholding taxes	₱	329,344
Final withholding taxes		215,151
Withholding tax on compensation and benefits		158,888
	₱	**703,383**

Expanded withholding taxes include amounts withheld on payments of professional fees, agents' commission, office supplies and rental. Professional fees from general professional partnerships are not subject to withholding.

Final withholding taxes pertain to taxes remitted for the dividends received.

36.01.01.05 Deficiency Tax Assessment

On April 4, 2024, the Company received a Letter of Authority (LOA) No. AUDM29-050-2024-074798 from Revenue District Office (RDO) No. 8A for the examination of the Company's books of accounts and other accounting records for all internal revenue taxes for the taxable year 2022. A total of ₱401,323 was paid on May 30, 2024 to settle the 2022 BIR assessment.

36.02 Revenue Regulations No. 19 - 2011

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

36.02.01 Revenue

The Company's revenues for the taxable year amounted to ₱18,175,255.

36.02.02 Cost of Services

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

Stock exchange dues	₱	3,797,958
Short-term employee benefits		3,225,361
Postage, telephone and communication		1,076,017
Commission expense		497,536
Central depository fees		453,418
	₱	**9,050,290**

36.02.03 Other Taxable Income

The Company's other taxable income for the year include payments from penalties imposed on customers for late payments and commissions from initial public offering (IPOs) amounted to ₱6,147,540.

36.02.04 Itemized Deductions

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

Depreciation	₱	4,625,042
Condominium dues and fees		1,711,200
Postage, telephone and communication		1,614,026
Rent		1,372,635
Utilities		621,983
Professional fees		534,298
Short-term employee benefits		410,584
Taxes and licenses		390,023
Amortization		267,912
Office supplies		241,730
Entertainment, amusement and recreation		159,827
Insurance		70,487
Bank charges		56,275
Interest on tax deficiency payments		55,956
Repairs and maintenance		54,820
Membership dues and fees		50,000
Trainings and seminars		20,400
Realized foreign exchange loss		835
Others		141,853
	₱	**12,399,886**

36.02.05 Reconciliation on Effect of PFRS 16

		Per PFRS		Effect of Adoption of PFRS 16		Per Tax Code
Depreciation	₱	10,263,161	₱	(5,638,119)	₱	**4,625,042**
Finance cost		531,822		(531,822)		-
Gain on waived lease payments and finance cost		4,627,365		(4,627,365)		-
Rent		-		1,372,635		**1,372,635**

36.02.06 Application of NOLCO

During the year, the Company applied NOLCO amounting to ₱880,878.

36.02.07 Application of MCIT

During the year, the Company applied MCIT amounting to ₱98,324.

36.03 Revenue Regulations No. 34 - 2020

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

The Company is not covered by the requirements and procedures for related transactions provided in RR No. 34-2020.

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SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

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18/F Lepanto Building, 8747 Paseo de Roxas
Bel-Air 1209, City of Makati, Fourth District NCR

We have audited the separate financial statements of **F. YAP SECURITIES, INC.** for the years ended December 31, 2024 and 2023 on which we have rendered the attached report dated April 7, 2025.

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

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has a total number of seven (7) stockholders owning one hundred (100) or more shares each.

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

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

April 7, 2025

Schedule I

F. YAP SECURITIES, INC.

COMPUTATION OF RISK-BASED CAPITAL ADEQUACY (RBCA) RATIO UNDER SRC RULE 49.1

For the Year Ended December 31, 2024

(In Philippine Peso)

Total assets	388,508,963
Less: Total liabilities	99,152,295
Equity as per books	289,356,668
Adjustments	
Add (Deduct):	
Deferred income tax	3,147,034
Equity eligible for net liquid capital	292,503,702
Less: Ineligible assets	
Trading right and intangible asset	443,536
Investent in a subsidiary	43,529,562
Intercompany receivables	15,165,841
Property and equipment, net	48,129,139
All other current assets	872,723
Securities Not Readily Marketable	(108,000)
Negative exposure (SCCP)	-
Other assets including equity investments in PSE	43,529,562
Total ineligible assets	151,562,363
Net liquid capital (NLC)	140,941,339
Less: Operational risk requirement	10,299,788
Position risk requirement	30,181,129
Counter party risk requirement	282,577
Large exposure risk requirement to single issuer and group of companies	3,517,421
Total risk capital requirement	44,280,915
Net RBCA margin (NLC - TRCR)	96,660,424
Liabilities	99,152,295
Less: Exclusions from aggregate indebtedness	
Subordinated liability	-
Deferred tax liability	3,147,034
Others	-
Aggregate indebtedness (AI)	96,005,261
5% of Aggregate indebtedness	4,800,263
Required NLC (5% of AI or ₱5 million whichever is higher)	5,000,000
Net risk-based capital excess	135,941,339
Ratio of AI to NLC	68%
RBCA Ratio (NLC/TRCR)	318%

Schedule II

F. YAP SECURITIES, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - B)
December 31, 2024
(In Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts:		
Unadjusted balance	87,251,341	
Additions:		
1. Bank Account Overdrafts/1	-	
2. Credit balances in customer omnibus accounts	3,560,102	
3. Any other customer credit balance not accounted for elsewhere (explain nature)		
Dividend Payable	140,619	
Accounts Payable-Others	1,424,369	
Deductions:		
1. Credit Balances in the accounts of non customers such as general partners and principal officers	(5,454,604)	
Customer Securities Failed to Receive (as Determined by Allocation or Specific Identification)		
Unadjusted Balance:		
Additions:		
1. The amount by which the market value by which fails to receive outstanding for more than 34 calendar days exceed their contract value/3		
2. Clearing Accounts with net credit balances attributable to customers transactions. (Clearing Corporations)	373,087	
3. Unsecured customer short positions which allocate to customer long positions/4		
4. Any other credit not accounted for elsewhere in the formula		
Adjusted balance	87,294,914	
Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		
Unadjusted balance		90,077,738
Additions		
Debit balance in customer omnnibus accounts		18,722,278
Any other customer debit balance not accounted for elsewhere (explain nature)		
Deductions:		
Unsecured balances and accounts doubtful of collection		(20,464,005)
Debit balances in the accounts of non-customers such as general partners and principal officers		(173)
Reduction for partly secured cash accounts		(40,316)
Subtotal		88,295,523
Reduce Subtotal by 1%		(882,955)
Adjusted balance		87,412,567

Fails to deliver oc Customer Securities not older than 30 calendar days		
(as determined by allocation or specific identification)		
Unadjusted balance		-
Additions		
Clearing accounts with net debit balances attributable to customer transactions (Clearing Corporations)		
Deductions:		
Securities which are in the firm's physical possession and control and in excess of the broker-dealer's possession and control requirements for three business days past settlement		-
Adjusted balance		-
Total	87,294,914	87,412,567
Net credit balance	(117,654)	
Required reserve (100% of net credit if making a weekly computation or 105% if making a monthly computation)		-
Special reserve account balance prior to computation		117,200
Less: Deposit required		-
Additional Deposit Required		-

F. YAP SECURITIES, INC.

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS
PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - A)
Decemeber 31, 2024

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

Market Valuation	₱ NIL
Number of Items	NIL

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

Market Valuation	₱ NIL
Number of Items	NIL

F. YAP SECURITIES, INC.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
December 31, 2024
(In Philippine Peso)

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

Schedule V

F. YAP SECURITIES, INC.

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

December 31, 2024

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

F. YAP SECURITIES, INC.

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

December 31, 2024

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

F. YAP SECURITIES, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2024 and 2023

	2024	2023
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	**2.62**	2.65
Current Assets	**251,259,427**	249,540,231
Current Liabilities	**96,005,261**	93,991,682
WORKING CAPITAL TO ASSETS	**0.40**	0.40
(Current Assets - Current Liabilities)	**155,254,166**	155,548,549
Total Assets	**388,508,964**	385,317,758
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	**1.34**	1.32
Total Assets	**388,508,964**	385,317,758
Shareholders' Equity	**289,356,669**	291,320,999
DEBT TO EQUITY	**0.34**	0.32
Total Liabilities	**99,152,295**	93,996,759
Shareholders' Equity	**289,356,669**	291,320,999
LONG-TERM DEBT TO EQUITY	**-**	-
Long-Term Debt	**-**	-
Shareholders' Equity	**289,356,669**	291,320,999
FIXED ASSETS TO EQUITY	**0.15**	0.17
(Fixed Assets - Accumulated Depreciation)	**42,491,020**	50,566,045
Shareholders' Equity	**289,356,669**	291,320,999

F. YAP SECURITIES, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2024 and 2023

CREDITORS EQUITY TO TOTAL ASSETS	**0.26**	0.24
Total Liabilities	**99,152,295**	93,996,759
Total Assets	**388,508,964**	385,317,758
FIXED ASSETS TO LONG-TERM DEBT	**-**	-
(Fixed Assets - Accumulated Depreciation)	**42,491,020**	50,566,045
Long-Term Debt	**-**	-
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	**(0.00)**	(0.02)
Net Profit	**(868,361)**	(8,441,302)
Average Total Assets	**386,913,361**	407,749,987
RATE OF RETURN ON EQUITY	**(0.00)**	(0.03)
Net Profit	**(868,361)**	(8,441,302)
Average Stockholders' Equity	**290,338,834**	294,464,525
D. PROFITABILITY RATIOS		
GROSS PROFIT RATIO	**1.07**	0.41
Gross Income	**6,462,483**	6,431,996
Commision Income	**6,062,076**	15,777,372
OPERATING INCOME TO COMMISSION INCOME	**0.50**	(1.12)
Income from Operations	**3,038,530**	(17,611,956)
Commission Income	**6,062,076**	15,777,372