SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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Company Information

SEC Registration No.: AS93006713
Company Name: MARIAN SECURITIES, INCORPORATED
Industry Classification: J66930
Company Type: Stock Corporation

Document Information

Document ID: OST10507202583275321
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

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	3	-	6	7	1	3

Company Name

MARIAN SECURITIES,
INCORPORATED

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

UNITS 1710-1711 PSE TOWER
5TH AVENUE COR. 28TH ST.
BONIFACIO GLOBAL CITY
TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	BDS

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mariansecurities@gmail.com	8252-3853	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
10	2nd MONDAY OF APRIL	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
RODOLFO S. TORRES	rodolfostorres@yahoo.com	8252-3853	0917-826-8933

Contact Person's Address

152 M. SANTOS ST., PASAY 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 within 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.*

MARIAN SECURITIES, INCORPORATED
ANNUAL AUDITED FINANCIAL REPORT
TABLE OF CONTENTS
DECEMBER 31, 2024

SEC Form 52-AR

Statement of Management's Responsibility for Financial Statements

Independent Auditors' Report

Statements of Financial Position

Statements of Comprehensive Loss

Statements of Changes in Equity

Statements of Cash Flows

Notes to Financial Statements

Supplemental Statement of Independent Auditors on Total Number of Shareholders Owning One Hundred or More Shares

Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Schedule 1)

Risk-Based Capital Adequacy Worksheet Pursuant to Securities and Exchange Commission Memorandum Circular No. 16, Series of 2004 (Schedule 2)

Information Relating to Possession or Control Requirements under Securities Regulation Code (SRC) Rule 49.2 (Schedule 3)

Computation for Determination of Reserve Requirements under SRC Rule 49.2 (Schedule 4)

A Report Describing any Material Inadequacies Found to Exist or Found to have Existed since the Date of Previous Audit (Schedule 5)

Results of Securities Count Conducted Pursuant to SRC Rule 52.1-10, as Amended (Schedule 6)

Other documents to be filed with audited financial statements
- Schedule showing the company's financial soundness indicators for the years ended December 31, 2024 and 2023
- Supplementary schedule of external auditor fee-related information

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 52.1-5 of the Securities Regulation Code

Report for the year beginning January 1, 2024 and ending December 31, 2024

IDENTIFICATION OF BROKER OR DEALER		
Name of Broker/Dealer:	**Marian Securities, Incorporated**	
Address of Principal Place of Business:	Units 1710 - 1711, PSE Tower, 5th Avenue cor. 28th St., Bonifacio Global City, Taguig City.	
Name and Phone Number of Person to Contact in Regard to this Report		
Name: Ms. Jesusa Literado	Tel No.:	0968-883-5120
	Fax No.:	

IDENTIFICATION OF ACCOUNTANT			
Name of Independent Certified Public Accountant whose opinion is contained in this report:			
Name: Nellybeth C. Balingcongan Alba Romeo and Co.		Tel No.: Fax No.:	8776-0504 Not applicable
Address: P-5 VGP Center, 6772 Ayala Avenue, Makati City			
Certificate No.:	0096192		
BOA/PRC Registration No.:	8199/P-002		
SEC Accreditation No.	96192-SEC		
PTR No.:	10485512	Date Issued:	January 16, 2025

MARIAN SECURITIES, INCORPORATED
Trading Participant of The Philippine Stock Exchange, Inc.
Member: Securities Clearing Corp. of the Philippine & Securities Investors Protection Fund
Unit 1710-1711 17th Floor Philippine Stock Exchange Tower 28th Street corner 5th Avenue, Bonifacio Global City
Taguig City, Metro Manila Philippines 1634
Tel: (632) 8-252-3841 / Fax: (632) 8-252-3853

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Marian Securities, Incorporated** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Alba Romeo and Co. (formerly Romeo Cortez Alba and Associates), the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Richard L. Lee
Chairman of the Board and President

Rodolfo S. Torres
Vice President and Treasurer

Signed this 7th day of April, 2025

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8B - SOUTH NCR
REVENUE DISTRICT OFFICE NO. 044
TAGUIG/PATEROS
RECEIVED
INITIAL: DATE:
RCO'S NAME: JESSICA O. BADENAS RCO CODE: 280346
MAY 06 2025

P-5 VGP Center 6772 Ayala Avenue
Makati City 1226 Philippines
Tel. No.: +63(2) 8776-0504
www.albaromeo.com

INDEPENDENT AUDITORS' REPORT

The Shareholders and the Board of Directors
Marian Securities, Incorporated
Units 1710 - 1711, PSE Tower
5th Avenue cor. 28th St.
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marian Securities, Incorporated (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on the Supplementary Information Required by the Securities Regulation Code

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules 1-6 is presented for purposes of complying with the Securities Regulation Code 52.1-5 and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALBA ROMEO AND CO.

ncbalingcongan

Nellybeth C. Balingcongan
Partner
CPA Certificate No. 0096192
PTR No. 10485512, issued on January 16, 2025, Makati City
SEC Accreditation No. 96192-SEC (Individual), Group A, issued on January 17, 2023,
valid to audit 2022 to 2026 financial statements
SEC Accreditation No. 8199-SEC (Firm), Group A, issued on October 7, 2021,
valid to audit 2021 to 2025 financial statements
Tax Identification No. 501-376-933
BIR Accreditation No. 08-007141-003-2024, issued on March 15, 2024,
valid until March 14, 2027
BOA/PRC Accreditation No. 8199/P-002, issued on July 5, 2024,
valid from July 17, 2024 to July 16, 2027

Makati City
April 7, 2025

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8B - SOUTH NCR
REVENUE DISTRICT OFFICE NO. 044
TAGUIG/PATEROS
RECEIVED
MAY 06 2025
INITIAL: DATE:
RCO'S NAME: JESSICA O. BADEÑAS RCO CODE: 280346

MARIAN SECURITIES, INCORPORATED

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

		2024			2023		
			Security valuation			Security valuation	
	Note	Book value	Long	Short	Book value	Long	Short
ASSETS							
Current assets							
Cash and cash equivalent	5	**P9,761,098**			P10,494,954		
Receivable from customers	6	-	**P105,652,307**		-	P111,315,148	
Other current assets	7	**5,985,885**			5,400,647		
Total current assets		**15,746,983**			15,895,601		
Non-current assets							
Financial asset at fair value through other comprehensive income	8	**39,360,000**			40,800,000		
Property and equipment, net	9	**30,845,075**			31,836,401		
Intangible assets	10	**1,320,000**			1,320,000		
Total non-current assets		**71,525,075**			73,956,401		
Total assets		**P87,272,058**			P89,852,002		
SECURITIES							
In Philippine Depository and Trust Corporation				**P105,652,307**			P111,315,148
LIABILITIES AND EQUITY							
Current liabilities							
Accrued expenses and other current liabilities	11	**P1,027,383**			P1,018,794		
Due to a related party	17	**62,012**			662,012		
Total current liabilities		**1,089,395**			1,680,806		
Non-current liability							
Deferred tax liability	8,19	**7,536,000**			7,824,000		
Total liabilities		**8,625,395**			9,504,806		
Equity							
Share capital	12	**57,600,000**			57,600,000		
Retained earnings							
Appropriated	13	**2,443,700**			2,443,700		
Deficit		**(11,541,037)**			(10,992,504)		
Unrealized gain on fair value changes of equity security at FVOCI, net	8	**30,144,000**			31,296,000		
Total equity		**78,646,663**			80,347,196		
Total liabilities and equity		**P87,272,058**	**P105,652,307**	**P105,652,307**	P89,852,002	P111,315,148	P111,315,148

(The notes on pages 1 to 34 are an integral part of these financial statements.)

MARIAN SECURITIES, INCORPORATED

STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Note	2024	2023
Commission revenue	6,14,17	**P144,220**	P102,908
Cost of services	15	**469,572**	1,622,717
Gross loss		**(325,352)**	(1,519,809)
Dividend income	8	**2,400,000**	2,400,000
Operating expenses	16	**(2,784,223)**	(3,719,216)
Loss from operations		**(709,575)**	(2,839,025)
Interest revenue	5	**161,042**	155,267
Loss before income tax		**(548,533)**	(2,683,758)
Provision for income tax	19	**-**	-
Net loss for the year		**(548,533)**	(2,683,758)
Other comprehensive income, net			
Item that will not be reclassified subsequently to profit or loss			
Unrealized gain (loss) on fair value changes of equity security at fair value through other comprehensive income, net	8	**(1,152,000)**	2,304,000
Net comprehensive loss for the year		**(P1,700,533)**	(P379,758)

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8B - SOUTH NCR
REVENUE DISTRICT OFFICE NO. 044
TAGUIG/PATEROS
RECEIVED
MAY 06 2025
INITIAL: ______ DATE: ______
RCO'S NAME: JESSICA O. BADENAS RCO CODE: 250348

MARIAN SECURITIES, INCORPORATED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

		Deficit				
	Share capital (Note 12)	Unappropriated	Appropriated reserve fund (Note 13)	Total	Unrealized gain on fair value changes of equity security at FVOCI, net (Note 8)	Total equity
Balance at January 1, 2023	P55,600,000	(P8,308,746)	P2,443,700	(P5,865,046)	P28,992,000	P78,726,954
Net loss for the year	-	(2,683,758)		(2,683,758)	-	(2,683,758)
Collection of subscriptions receivable	2,000,000	-	-	-	-	2,000,000
Unrealized gain on fair value changes of equity security at financial asset at fair value through other comprehensive income (OCI), net	-	-	-	-	2,304,000	2,304,000
Balance at December 31, 2023	57,600,000	(10,992,504)	2,443,700	(8,548,804)	31,296,000	80,347,196
Net loss for the year	-	(548,533)	-	(548,533)	-	(548,533)
Unrealized loss on fair value changes of equity security at FVOCI, net	-	-	-	-	(1,152,000)	(1,152,000)
Balance at December 31, 2024	**P57,600,000**	**(P11,541,037)**	**P2,443,700**	**(P9,097,337)**	**P30,144,000**	**P78,646,663**

(The notes on pages 1 to 34 are an integral part of these financial statements.)

MARIAN SECURITIES, INCORPORATED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Note	2024	2023
Cash flows from operating activities			
Loss before income tax		**(P548,533)**	(P2,683,758)
Adjustments for:			
Depreciation and amortization	9,16	**991,326**	1,014,329
Interest revenue	5	**(161,042)**	(155,267)
Dividend revenue	8	**(2,400,000)**	(2,400,000)
Operating loss before changes in operating asset and liability		**(2,118,249)**	(4,224,696)
Changes in operating asset and liability			
Decrease (Increase) in other current assets		**(597,474)**	101,148
Increase in accrued expenses and other current liabilities		**8,589**	196,606
Cash used in operations		**(2,707,134)**	(3,926,942)
Dividend received	8	**2,400,000**	2,400,000
Interest received	5	**173,278**	147,334
Net cash used in operating activities		**(133,856)**	(1,379,608)
Cash flow from investing activity			
Additions to property and equipment	9	**-**	(79,909)
Cash flows from financing activities			
Collection of subscriptions receivable	12	**-**	2,000,000
Advances from (Payment of advances) to a related party	17	**(600,000)**	600,000
Cash provided by (used in) financing activities		**(600,000)**	2,600,000
Net increase (decrease) in cash and cash equivalent		**(733,856)**	1,140,483
Cash and cash equivalent	5		
January 1		**10,494,954**	9,354,471
December 31		**P9,761,098**	P10,494,954

(The notes on pages 1 to 34 are an integral part of these financial statements.)

BUREAU OF INTERNAL REVENUE
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REVENUE DISTRICT OFFICE NO. 044
TAGUIG/PATEROS
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MAY 06 2025
INITIAL: DATE:
RCO'S NAME: JESSICA O. BADENAS RCO CODE: 290346

MARIAN SECURITIES, INCORPORATED

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - GENERAL INFORMATION

1.1 Corporate information

Marian Securities, Incorporated (the "Company") is a domestic corporation registered with the Philippine Securities and Exchange Commission (SEC), with SEC Registration No. AS093-006713, on August 31, 1993 to principally engage in the following:

a. Effecting, for the account of others, as broker, transactions relative to stocks, bonds, debentures and other securities or commercial papers of any person, partnership, association, syndicate, corporation or government body, agency or instrumentality, whether such securities or commercial papers are domestic or foreign;

b. Undertake alone or in conjunction with one or more other persons, entities or syndicates, the sale, distribution or solicitation of offers for the purchase or sale of any securities issued within or without the jurisdiction of the Republic of the Philippines; and

c. Purchase, sell or otherwise deal in options, rights, warrants relating to stocks, bonds, debentures and other securities or commercial papers.

The Company is both a stockholder and a broker of the Philippine Stock Exchange (PSE or Exchange) having the right, pursuant to Exchange Rules, to trade at the Exchange.

The SEC issued a Certificate of Registration No. 01-2004-00090 to the Company to effect the registration and authorization of the Company to operate as a broker.

The Company is owned by various individuals.

The registered office address and principal place of business of the Company is at Units 1710 - 1711, PSE Tower, 5th Avenue cor. 28th St., Bonifacio Global City, Taguig City.

1.2 Approval of financial statements

The accompanying financial statements were approved and authorized for issue by the Company's Board of Directors (BOD) on April 7, 2025, and that Richard L. Lee, the Company's President, was authorized to sign and cause the issuance of the financial statements on its behalf.

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The material accounting policies adopted in the preparation of these financial statements are discussed in this note. These policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as issued by the Financial and Sustainability Reporting Standards Council (FSRSC) (formerly Philippine Financial Reporting Standards Council). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee, which have been approved by the FSRSC and adopted by the SEC.

Presentation of financial statements

The financial statements are presented in accordance with PAS 1 (Revised), *Presentation of Financial Statements.* The Company presents all items of income and expense in a single statement of comprehensive income (loss), with profit or loss and other comprehensive income (OCI) presented in two sections. It is required to present a statement of financial position as at the beginning of the earliest comparative period when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements and said retrospective application, retrospective restatement or reclassification has a material effect on such third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

These financial statements are presented in Philippine Peso (P), which is also the Company's functional currency and all values are rounded to the nearest peso. Functional currency is the currency of the primary economic environment in which the entity operates or in which it primarily generates and expends cash, while presentation currency is the currency in which the financial statements are presented.

Basis of measurement

The Company's financial statements have been prepared on historical cost basis, except as disclosed in the accounting policies that follow.

Use of judgments and estimates

The preparation of financial statements in compliance with PFRSs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the previous year, except for the following amendments which were adopted as of January 1, 2024. Unless otherwise indicated, the adoption of these amendments did not have a significant impact on the Company's financial statements.

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

The amendments specify 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 new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. The amendments include 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.

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. In addition, the amendments require additional disclosures for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within 12 months after the reporting period.

Amendments to PAS 7 and PFRS 7: *Supplier Finance Arrangements*

The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The new requirements were developed to provide users of financial statements with information to enable them (a) to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and (b) to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

New standards and amendments issued but not yet effective

New standards and amendments issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. These are not mandatory for December 31, 2024 reporting period and have not been early adopted by the Company.

PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance) regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

In June 2020, PFRS 17 was amended. The amendments are aimed at helping companies implement the standard and making it easier for them to explain their financial performance. PFRS 17 incorporating the amendments is effective from annual reporting periods beginning on or after January 1, 2023.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. It has approved also on the same day the adoption of amendment to IFRS 17, *Insurance Contracts, Initial Application of IFRS 17 and IFRS 9 - Comparative Information* issued by the International Accounting Standards Board (IASB) in December 2021 as amendment to PFRS 17, *Insurance Contracts, Initial Application of PFRS 17 and PFRS 9 - Comparative Information.*

The amendment adds a transition option for a classification overlay to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of PFRS 17.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of Initial application by an additional two years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

An entity shall apply the amendments for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted and when applying the amendments, an entity cannot restate comparative information.

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

The FSRSC has approved on July 12, 2024 the adoption of amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* issued by the IASB in May 2024 as amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments.*

These amendments:

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

An entity shall apply the amendments for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. An entity is required to apply the amendments retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight.

Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an accounting standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the accounting standards.

The following is the summary of the standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

  The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

  The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

  a) Lessee Derecognition of Lease Liabilities

  The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  b) Transaction Price

  The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

An entity shall apply the amendments for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

PFRS 18, *Presentation and Disclosure in Financial Statements*

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

The key new concepts introduced in PFRS 18 relate to:

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

The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

A subsidiary is eligible if:

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

The standard will become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. An entity is required, during the first period (annual and interim) in which it applies the standard, to disclose comparative information for current year amounts as required by PFRS 19, unless PFRS 19 or another PFRS accounting standard permits or requires otherwise.

Deferred

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3.

Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

The amendments must be applied prospectively.

On January 13, 2016, the Financial Reporting Standards Council decided to postpone the original effective date of January 1, 2016 of the above 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.

The management, however, expects no significant impact from the adoption of the new standards and amendments on the Company's financial position and financial performance.

2.3 Cash and cash equivalent

Cash and cash equivalent includes cash on hand and in banks, and short-term placement and are carried at face amounts. Cash in banks represent deposits held at call with banks which earn interest at the prevailing bank deposit rates and are unrestricted as to withdrawal. Short-term placement is highly-liquid investment that is readily convertible to known amount of cash with original maturity of three months or less from the date of acquisition and that is subject to an insignificant risk of change in value.

2.4 Securities transaction

Securities transactions and the related commission revenue and expenses are recorded on trade date basis, which is the date on which the Company commits to purchase or sell the asset.

Significant related expenses include:

(i) Stock exchange fees and dues - refer to fees paid to the PSE, SEC and Securities Investors Protection Fund for every trade transaction made by the Company, relative to the respective volumes of such transactions. These are recognized in profit or loss on the date they are incurred.

(ii) Philippine Central Depository charges - refer to depository maintenance fee for the customer accounts maintained by the Company in the Philippine Depository and Trust Corporation (PDTC), the independent custodian of scripless securities which are traded in the PSE. These are recognized in profit or loss upon utilization of the service of the PDTC.

Securities are valued using the latest closing price at the end of the financial reporting period for securities with trading transaction at the stock exchange, or in the absence thereof, the latest bid or ask price. Gains or losses on sale of securities are also recognized at the corresponding trade dates.

Receivable from (Payable to) customers, which is recorded upon purchase or sale of securities on customers' behalf, is carried at original invoice amount, inclusive (net) of related tax charges and commissions.

Receivable from or payable to clearing house is recorded upon consummation of buying and selling transactions.

2.5 Financial instruments

Initial recognition and measurement

A financial asset or a financial liability is recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company classifies its financial assets in the following categories: at FVPL, at fair value through OCI (FVOCI), and at amortized cost. The Company has financial assets at amortized cost and FVOCI.

Financial assets at amortized cost

The Company measures a financial asset at amortized cost if both of the following conditions are met:

i. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

The Company's financial assets at amortized cost include cash and cash equivalent, and advances to officers and employees and accrued interest receivable presented under other current assets.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company's investment in PSE shares is included under this category (see Note 8).

Impairment of financial assets

The Company recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages: (a) for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL); and (b) for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as at the financial reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information which includes the following:

i. Internal/external credit rating;
ii. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
iii. Actual or expected significant changes in the operating results of the debtor;
iv. Significant increases in credit risk on other financial instruments of the same debtor; and
v. Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a loan or receivable for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as (a) financial liabilities at FVPL (including financial liabilities held for trading and those that are designated at fair value), and (b) other financial liabilities measured at amortized cost.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Gains and losses arising from changes in the fair value of financial liabilities classified as held for trading are included in profit or loss.

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial liabilities at amortized cost include due to a related party, and accrued expenses and other current liabilities (excluding due to government). The Company did not classify any of its financial liabilities at FVPL.

Derecognition of financial instruments

Financial asset

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

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

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

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Determination of fair value

The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When the current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Fair value hierarchy

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

i. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii. Level 2: 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
iii. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

2.6 Input Value-Added Tax (VAT)

Input VAT represents tax imposed on the Company by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Company's current VAT liability. Input VAT is stated at cost less allowance for impairment, if any.

2.7 Creditable withholding tax (CWTs)

CWTs represent taxes withheld by the Company's customers required under the Philippine taxation laws and regulations. CWTs are recognized as assets and will be credited against the Company's income tax liability. If at the end of the financial reporting period, the Company has current income tax due, the CWTs shall be applied as payment for the tax due, and any excess shall be carried over to the succeeding period. CWTs are stated at cost, less allowances for impairment, if any.

2.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the asset to its working condition and location for its intended use.

Subsequent expenditures incurred after the asset has been put into operation are capitalized as additional cost of the asset when the resulting future economic benefit exceeds the originally assessed standard of performance of the asset. All other subsequent expenditures such as repairs and maintenance are recognized in profit or loss in the period the costs are incurred. Renewals and betterments, which improve the originally assessed standard of performance of the property, are capitalized to the appropriate property account.

Depreciation and amortization is calculated on a straight-line method over the estimated useful lives of the assets as follows:

Property classification	Useful life
Condominium units	50 years
Condominium improvements	20 years
Furniture, fixtures and equipment	3 years
Office improvements	5 years
Computer software	3 years

An asset is depreciated or amortized when it is available for use until it is derecognized even if during that period the item is idle. Fully-depreciated/amortized assets still in use are retained in the financial statements.

The estimated useful lives, and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. If there is an indication that there has been a significant change in the estimated useful life of an asset, the depreciation or amortization of the asset is revised prospectively to reflect the new expectation.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

When items of property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization, and any impairment in value are removed from the accounts and any resulting gain or loss arising from the disposal, determined as the difference between the sales proceeds and the carrying amount of the asset, or retirement of an asset is recognized in profit or loss.

2.9 Trading right

Trading right is the result of the conversion plan of the PSE to preserve the access of stockbrokerage to the trading facilities and to continue to transact business in the PSE. The trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company.

Trading right is initially recognized at the amount allocated from the original cost of the exchange membership seat. Subsequently, it is carried at cost less any allowance for impairment. The carrying amount of trading right is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is calculated at the higher of the asset's value in use and its fair value less costs to sell.

2.10 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets such as property and equipment, and trading right are reviewed at each financial reporting date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased.

Among others, the factors that the Company considers important which could trigger an impairment review include the following:

- significant or prolonged decline in fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

If any such indication exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Whenever the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and an impairment loss is recognized in profit or loss in the period in which it arises.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss. After such reversal, the depreciation or amortization expense is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining life.

2.11 Accrued expenses and other liabilities

Accruals are liabilities for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the suppliers. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforced claim against the Company is established. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.12 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's ordinary shares are classified as equity instruments. Share capital is determined using the par value of shares that have been issued. Incremental costs incurred directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax. Subscriptions receivable includes the amounts still to be collected from the shareholders before the Company will issue the shares. Subscriptions receivable is presented as deduction from related subscribed share capital.

2.13 Retained earnings (Deficit)

Appropriated retained earnings pertain to surplus restricted for a particular purpose. The account is used to record undistributed earnings reserved for capital build-up pursuant to SEC Memorandum Circular No. 16, Series of 2004, *Adoption of the Risk-Based Capital Adequacy Requirement/Ratio (RBCA) for Brokers Dealers.*

Deficit include all current and prior period results as disclosed in the statements of comprehensive loss and statements of changes in equity.

2.14 Revenue recognition

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The Company generates revenue primarily from dividend from PSE shares classified as financial asset at FVOCI, commission income from the brokerage services and interest income.

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

Commission revenue

Commission revenue, which is recognized on accrual basis, is recorded on the trade date based upon the occurrence of securities transactions. It is normally based on a certain percentage of the gross value of the transaction, which is equal to the number of shares multiplied by the price per share, which can also be referred to as the cost of the shares. Commission revenue is earned from both buy and sell transactions.

Interest revenue

Interest revenue earned from bank deposits and short-term placement is recognized as it accrues usually on a time proportion basis taking into account the effective yield on the asset or EIR, and is presented net of applicable final tax withheld by banks.

Dividend revenue

Dividend revenue is recognized in profit or loss when the Company's right to receive payment is established.

Other revenue

Other revenue is recognized when there is an incidental economic benefit, other than from the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be reliably measured.

2.15 Cost and expense recognition

The financial statements are prepared on accrual basis of accounting. Under this basis, costs and expenses are recognized when incurred and are reported in the financial statements in the periods to which they relate.

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. They are recognized (a) on the basis of a direct association between the costs incurred and the earning of specific items of income; (b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (c) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Cost of services represents expenses incurred that are associated with the Company's trading of securities. Operating expenses are costs attributable to the administrative and other business activities of the Company.

2.16 Provisions and contingencies

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is charged against profit or loss, net of any reimbursement.

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognized in the Company's financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

2.17 Employee benefits

Short-term benefits

Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expenses while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future prepayments. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Retirement benefits

Republic Act (RA) No. 7641, *Retirement Pay Law,* requires an entity to pay retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least 5 years of service to the Company.

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law, which is of a defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump-sum amount upon retirement.

2.18 Income taxes

Provision for income tax represents the sum of the current and deferred taxes.

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, determined at the end of every quarter, subject to adjustments at the end of the period when a final adjustment return is filed and the corresponding annual income tax is computed and determined to be recovered or paid.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit (loss) as reported in profit or loss because it excludes items of revenue or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated on the basis of the tax rates and tax laws enacted or substantively enacted at the financial reporting date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the liability method.

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

Deferred tax liabilities are recognized for all taxable temporary differences while deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available in future periods against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT over RCIT and unused tax losses from NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefit of all or part of the deferred tax assets to be utilized.

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

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

2.19 Related parties

A related party is an entity or person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common or joint control with, the Company in governing the financial and operating policies, or that has an interest in the Company that gives it significant influence over the Company in making financial and operating decisions. It also includes members of the key management personnel of the Company, or close members of their family and others, who have the ability to control, jointly control or significantly influenced by or for which significant voting power in the Company resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.20 Events after financial reporting date

Post year-end events up to the date the financial statements are authorized for issue by the BOD that provide additional information about the Company's position at financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the accompanying financial statements in accordance with PFRSs requires the Company's management to make judgments and estimates that affect the application of accounting policies, reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimate is 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.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determining fair value of financial instruments

The Company classifies a financial asset by evaluating, among others, whether it is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation.

The financial assets carried at fair value, including the methods and assumptions applied, are set out in Note 4.

(b) Significant increase of credit risk

ECL is measured as an allowance equal to 12-month ECL or lifetime ECL. An asset moves to the next stage when its credit risk has increased significantly since initial recognition.

PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(c) Recognizing provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 2.16. In 2024 and 2023, the Company has determined that no contingencies will materially affect its financial statements, hence, no provisions are recognized.

(d) Ability to continue as a going concern

The financial statements have been prepared on a going concern basis. The validity of the going concern assumption is critical to the preparation of the financial statements of the Company as at and for the years ended December 31, 2024 and 2023 since the measurement bases applied were made on the assumption that the Company will continue to operate as a going concern for at least the next 12 months after reporting date.

Despite the volatile market in which the Company operates, the management deems this not sufficient to indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue on a going concern basis. Further, management continues to have a reasonable expectation that the Company has adequate resources and stable liquid position to continue its operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

Estimates

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

(a) Estimating credit losses on receivables

The Company makes an assessment of the business model within which the assets are held and whether the contractual term of the financial assets is SPPI on the principal amount outstanding. Further, assessment was made in establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determination of methodology for incorporation of forward-looking information into measurement of ECL and selection and approvals of methods used to measure ECL.

Lifetime ECL of the Company is computed by multiplying the loss rate against the total outstanding balance. Loss rate is calculated by dividing the outstanding accounts receivable for more than 30 days by the total accounts receivable from customers.

As an exception to the general requirements, the Company may assume that the criterion for recognizing lifetime ECL is not met if the credit risk on the financial instrument is low at the financial reporting date. The Company can choose to apply this simplification on an instrument-by-instrument basis.

The Company determines the impairment losses on financial assets based on factors that affect the credit risk exposure of the accounts. These factors include but not limited to the time value of money, past events, known macroeconomic factors and forecasts of future economic conditions.

As provided in the Securities Regulation Code (SRC) Rule 52.1, every broker dealer shall establish appropriate allowance for doubtful accounts and the basis for such computation of the allowance shall be properly disclosed. The SEC or the PSE shall have the prerogative to determine the reasonableness of such receivable valuation taking into consideration the generally accepted accounting principles and industry practices.

The carrying values of the Company's receivables follow:

	2024	2023
Other current assets (Note 7)		
- Advances to officers and employees	**P500,000**	P10,417
- Accrued interest receivable	**3,510**	15,746
	P503,510	P26,163

No allowance for credit losses was recognized by the Company as at December 31, 2024 and 2023.

(b) *Estimating useful lives of property and equipment*

The Company estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimate of the useful lives of property and equipment is based on the 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 the factors mentioned.

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 recorded operating expenses and decrease non-current assets.

The net carrying value of property and equipment amounted to P30,845,075 and P31,836,401 as at December 31, 2024 and 2023, respectively (see Note 9). Accumulated depreciation and amortization amounted to P12,688,515 and P11,697,189 as at December 31, 2024 and 2023, respectively (see Note 9).

There is no change in the estimated useful lives of property and equipment in 2024 and 2023.

(c) *Determining impairment of non-financial assets*

PFRSs require that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.10.

Determining the fair value of non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, necessitates the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that a non-financial asset is impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations of the Company.

The preparation of the estimated future cash flows involves significant judgments and estimates. Though management believes that the assumptions used in estimating the fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations of the Company.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. It is charged against current operations in the year in which it arises. For exchange trading right, the Company uses the latest transacted price from the PSE in its impairment testing.

No impairment loss was recognized by the Company on its non-financial assets in 2024 and 2023.

Below are the net carrying values of the non-financial assets of the Company as at December 31:

	2024	2023
Property and equipment (Note 9)	**P30,845,075**	P31,836,401
Trading right (Note 10)	**1,320,000**	1,320,000
	P32,165,075	P33,156,401

(d) *Determining realizable amount of deferred tax assets*

The Company reviews the carrying amount of deferred tax assets at each financial reporting date and reduces the same to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefit of all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profit together with the future tax planning strategies.

Management believes that it is not probable that sufficient future taxable income will be available against which the tax benefits can be realized. As at December 31, 2024 and 2023, the Company's unrecognized deferred tax assets amounted to P4,439,493 and P3,819,122, respectively (see Note 18).

NOTE 4 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial assets and financial liabilities of the Company as at December 31 are as follows:

	2024	2023
Financial assets		
Cash and cash equivalent (Note 5)	**P9,761,098**	P10,494,954
Advances to officers and employees (Note 7)	**500,000**	10,417
Accrued interest receivable (Note 7)	**3,510**	15,746
	P10,264,608	P10,521,117
Financial liabilities		
Accrued expenses and other current liabilities* (Note 11)	**P821,116**	P907,728
Due to a related party (Note 17)	**62,012**	662,012
	P883,128	P1,569,740

** excluding due to government*

The above carrying amounts of financial assets and financial liabilities, which are carried at amortized cost, are assumed to approximate their fair values due to their relatively short-term maturities and their being subject to an insignificant risk of changes in value.

As discussed in Note 2.5, the disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

Below is the summary of financial asset of the Company which is carried at fair value.

	2024			
		Fair value hierarchy		
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial asset at FVOCI (Note 8)	**P39,360,000**	**P39,360,000**	**P-**	**P-**

	2023			
		Fair value hierarchy		
	Fair value	Level 1	Level 2	Level 3
Financial asset at FVOCI (Note 8)	P40,800,000	P40,800,000	P-	P-

The fair value of financial asset at FVOCI is based on the closing quoted market price of stock investment published by the PSE.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurement during the years ended December 31, 2024 and 2023.

None of the Company's financial assets has been pledged as collateral for liabilities or contingent liabilities.

Items of revenue, expense, gains or losses with respect to the financial instruments recognized in the statements of comprehensive loss are as follows:

	2024	2023
Financial asset at amortized cost		
Interest revenue (Note 5)	**P161,042**	P155,267
Financial asset at FVOCI		
Dividend revenue (Notes 8)	**2,400,000**	2,400,000
Unrealized gain (loss) on investment, net of tax (Note 8)	**1,152,000**	2,304,000
	P3,713,042	P4,859,267

Financial risk management

The Company's activities expose it to a variety of financial risks, namely (a) market risk, (b) credit risk and (c) liquidity risk.

Similar to all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no significant changes to the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

General objectives, policies and processes

The BOD has overall responsibility over the Company's risk management process which involves identifying, measuring, analyzing, monitoring and mitigating risks. The BOD has delegated to top management the task of developing and updating specific risk management policies and procedures as well as assessing the adequacy thereof relative to the risks being faced by the Company and relevant developments in the stockbrokerage industry.

The Company's specific risk management policies are anchored on elaborate risk limits and operational controls. For this purpose, risk management policies and systems are reviewed annually to reflect changes in market conditions and the Company's activities. Monitoring exposures to financial risks are also captured in the annual operating budgets. Most importantly, the top management, through continuous training and communication with the Company's personnel, aims to develop a disciplined and control-conscious environment.

In consideration of various industry rules and regulations imposed by the SEC and the PSE, the Company has assigned an Associated Person to ensure awareness and conformity to such rules and regulations.

The main risks arising from the Company's use of financial instruments are summarized as follows:

(a) Market risk

Market risk is the risk that the value of financial instruments will decrease due to changes in market factors such as, but not limited to, price risk or the risk that the stock prices will change; interest rate risk or the risk that the interest rates will change; currency risk or the risk that foreign exchange rates will change; equity index risk or the risk that stock and other index price will change.

1) Price risk - the Company is exposed to equity security's price risk because of the investment it holds which is classified as financial asset at FVOCI.

The following table shows the sensitivity of the Company's OCI before income tax to a reasonably possible change in market value of the stock classified as financial asset at FVOCI as at December 31:

	2024		2023	
Sector	**Change in market price**	**Decrease in OCI before income tax**	Change in market price	Increase in OCI before income tax
Financial asset at FVOCI				
Financials	**-0.62%**	**(P244,907)**	0.46%	P188,406

The assumed fluctuation rate is based on the average change in month-end market value of the individual stock included in the category from years 2022 to 2024 for 2024 and years 2021 to 2023 for 2023. There is no other impact on the Company's equity other than those already affecting OCI. Changes in equity prices of financial asset at FVOCI do not affect profit or loss until the disposal of the security.

2) Interest rate risk - refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is not exposed to any significant interest rate risk as its investments are non-interest sensitive, except for the bank deposits and short-term placements which are mainly short term in nature and at market interest rates.

Interest revenue in 2024 and 2023 amounted only to P161,042 and P155,267, respectively (see Note 5), and represents a negligible percentage of the Company's gross revenue for both years. As such, an upward or downward movement of interest rate by 100-basis points will not significantly affect the Company's income (loss) before income tax and equity.

3) Foreign exchange risk

The Company does not have transactions in foreign currency; thus, it is not exposed to foreign exchange risk.

(b) Credit risk

Credit risk is the risk of loss resulting from the failure of a customer or counterparty to perform its obligation. This includes risk of non-payment by customer of their securities transactions, by employees of their advances, and by related parties of their outstanding account balances.

In the normal course of business, the Company's activities include trade execution for its customers. These activities may expose the Company to risk arising from price volatility which can reduce the customer's ability to meet its obligation. To the extent customer is unable to meet its commitments to the Company, the latter may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligation.

In accordance with the industry practice, customer trades are settled generally three business days after trade date. However, the settlement cycle for trades executed on a specific trading day was shortened from T+3 trading days to T+2 trading days effective August 24, 2023. Should either the customer or the counterparty fails to perform, the Company may be required to complete the transaction at prevailing market prices. Individual customers maintain their securities position with the Company in its scripless form and is usually sufficient to cover debit balances.

The Company monitors concentration of credit risks and limits the risk through consideration of factors which include the creditworthiness of the customer, its financial strength and the size of its positions or commitments.

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

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

The following table provides information regarding the maximum credit risk exposure of the Company without taking into account the value of any collateral as at December 31:

	2024	2023
Financial assets at amortized cost		
Cash in banks (Note 5)	**P4,114,068**	P5,018,388
Short-term placement (Note 5)	**5,642,030**	5,471,566
Advances to officers and employees (Note 7)	**500,000**	10,417
Accrued interest receivable (Note 7)	**3,510**	15,746
Financial asset at FVOCI (Note 8)	**39,360,000**	40,800,000
	P49,619,608	P51,316,117

These financial assets are neither past due nor impaired.

The Company also manages credit risk by grouping its receivables into credit grades. The credit grades directly relate to the creditworthiness of the counterparties which is evaluated through quantitative and qualitative factors. Among others, quantitative factors include the market values of the underlying securities, leverage and profitability of operations of the customers. Qualitative factors, on the other hand, include, among others, the competence of management, market or industry standing, length of the establishment and the background of the owners of the counterparties.

Credit quality per class of financial assets

The cash in banks, short-term placement and financial asset at FVOCI are considered by management as with financial institutions, companies and counterparties that are reputable and/or with good credit standing. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution. Such coverage was increased to P1,000,000 effective March 15, 2025.

The advances to officers and employees, and accrued interest receivable are considered by management of the Company as exposed to normal business risk and there is no objective evidence of impairment for these receivables which may cause the Company to incur losses at the financial reporting date.

The Company's bases in grading its financial assets are as follows:

High grade - are receivables which have high probability of collection, as evidenced by counterparties having the ability to satisfy their obligations and where the collaterals used to secure the loans/receivables are readily enforceable.

Standard grade - are receivables where collections are probable due to the reputation and the financial capacity of the counterparty to pay but which have been outstanding for a considerable length of time.

Substandard grade - are receivables where the counterparties are not capable of honoring their financial obligations.

All of the financial assets of the Company that are neither past due nor impaired are considered high grade.

The Company has no financial assets that are past due or impaired whose terms have been renegotiated.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and trading securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out positions.

Liquidity risk is managed on the basis of maturity dates of both the financial assets and financial liabilities. The liability to customers is matched by a corresponding receivable from customers. Liquidity risk would arise if all receivables are not settled in the usual settlement period. It is managed by the Company by forecasting daily cash flows and maintaining a balance between continuity of funding and flexibility. The Company maintains sufficient cash and pre-terminable placements with banks, augmented by credit facilities to cover daily operational and working capital requirements.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31:

	2024				
	Carrying value	< 1 year	1 to 5 years	> 5 years	Total
Accrued expenses and other current liabilities	P821,116	P821,116	P-	P-	P821,116
Due to a related party	62,012	62,012	-	-	62,012
	P883,128	P883,128	P-	P-	P883,128

	2023				
	Carrying value	< 1 year	1 to 5 years	> 5 years	Total
Accrued expenses and other current liabilities	P907,728	P907,728	P-	P-	P907,728
Due to a related party	662,012	662,012	-	-	662,012
	P1,569,740	P1,569,740	P-	P-	P1,569,740

NOTE 5 - CASH AND CASH EQUIVALENT

The account at December 31 consists of:

	2024	2023
Cash on hand	P5,000	P5,000
Cash in banks	4,114,068	5,018,388
Short-term placement	5,642,030	5,471,566
	P9,761,098	P10,494,954

In compliance with SRC Rule 49.2-1 covering customer protection reserve and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company's reserve requirement is determined on a daily basis based on the SEC-prescribed computations.

Cash in banks consist of current and savings deposits which earn interest at prevailing bank deposit rates.

Short-term placement has a maturity of less than three months and earns interest at the prevailing market rates.

Interest revenue earned from bank deposits and short-term placement in 2024 and 2023 amounted to P161,042 and P155,267, respectively.

NOTE 6 - RECEIVABLE FROM CUSTOMERS

The account at December 31 consists of:

	2024		2023	
	Money balance	Security valuation - long	Money balance	Security valuation - long
Receivable from customers:				
Cash and fully secured accounts	P-	P105,652,307	P-	P111,315,148

Security valuation represents the fair market value of securities owned by the customers, which are in the custody of the Company and are located either in transfer office or the PDTC.

Commission revenue earned by the Company from its trading transactions with related parties amounted to P144,220 and P102,908 in 2024 and 2023, respectively (see Notes 14 and 17).

NOTE 7 - OTHER CURRENT ASSETS

The account at December 31 consists of:

	2024	2023
Input VAT	**P4,916,822**	P4,811,535
Advances to officers and employees	**500,000**	10,417
Creditable withholding taxes (Note 18)	**454,528**	454,528
Prepayments	**111,025**	108,421
Accrued interest receivable	**3,510**	15,746
	P5,985,885	P5,400,647

Advances to officers and employees are non-interest bearing and payable through salary deduction.

Prepayments include taxes, insurance and annual software maintenance paid in advance.

NOTE 8 - FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In compliance with the guidelines issued by the SEC and the PSE in 2004, the Company has allocated the cost of exchange membership of P3,000,000 between the PSE shares and the trading right as follows: (a) 56% as the value of the 240,000 PSE shares; and (b) 44% as the value of the trading right (see Note 10).

	2024	2023
PSE shares, at cost	**P1,680,000**	P1,680,000
Accumulated unrealized gain	**37,680,000**	39,120,000
Market value at December 31	**P39,360,000**	P40,800,000

The movements in the account are summarized as follows:

	2024	2023
Balance at January 1	**P40,800,000**	P37,920,000
Change in fair value of investment	**(1,440,000)**	2,880,000
Balance at December 31	**P39,360,000**	P40,800,000

The movements in the accumulated unrealized gain on investments, net of tax are as follows:

	At January 1, 2023	Credited to equity	At December 31, 2023	**Debited to equity**	**At December 31, 2024**
Unrealized gain on investments	P36,240,000	P2,880,000	P39,120,000	**(P1,440,000)**	**P37,680,000**
Deferred tax liability (Note 20)	(7,248,000)	(576,000)	(7,824,000)	**288,000**	**(7,536,000)**
Net	P28,992,000	P2,304,000	P31,296,000	**(P1,152,000)**	**P30,144,000**

The PSE declared cash dividend on March 7, 2024 equivalent to P10 per share to shareholders of record as of March 8, 2024. The PSE also declared cash dividend on March 22, 2023 equivalent to P10 per share to shareholders of record as of April 5, 2023.

The Company owns 240,000 PSE shares as at December 31, 2024 and 2023. The market value of the PSE share is quoted at P164 and P170 per share as at December 31, 2024 and 2023, respectively.

Dividend revenue recognized by the Company on PSE shares amounted to P2,400,000 in 2024 and 2023.

NOTE 9 - PROPERTY AND EQUIPMENT

Details of and movements in the account follow:

	Condominium units	Condominium improvements	Furniture, fixtures and equipment	Office improvements	Computer software	Total
Cost						
At January 1, 2023	P28,239,342	P7,593,523	P5,353,039	P1,892,777	P375,000	P43,453,681
Additions	-	-	79,909	-	-	79,909
At December 31, 2024 and 2023	**28,239,342**	**7,593,523**	**5,432,948**	**1,892,777**	**375,000**	**43,533,590**
Accumulated depreciation and amortization						
At January 1, 2023	1,882,623	1,255,217	5,277,245	1,892,776	374,999	10,682,860
Depreciation and amortization (Note 16)	564,787	379,676	69,866	-	-	1,014,329
At December 31, 2023	2,447,410	1,634,893	5,347,111	1,892,776	374,999	11,697,189
Depreciation and amortization (Note 16)	564,787	379,676	46,863	-	-	991,326
At December 31, 2024	**3,012,197**	**2,014,569**	**5,393,974**	**1,892,776**	**374,999**	**12,688,515**
Net book value						
At December 31, 2023	P25,791,932	P5,958,630	P85,837	P1	P1	P31,836,401
At December 31, 2024	**P25,227,145**	**P5,578,954**	**P38,974**	**P1**	**P1**	**P30,845,075**

Management has reviewed the carrying amounts of the items of property and equipment as at December 31, 2024 and 2023 and based on the results of its evaluation, there are no indications that an impairment loss has occurred on these assets.

There are no property and equipment pledged as collateral for liabilities as at December 31, 2024 and 2023.

NOTE 10 - INTANGIBLE ASSET

The account at December 31, 2024 and 2023 represents trading right. The cost of PSE trading right as at December 31, 2024 and 2023 amounted to P1,320,000.

The Company has no intention of selling its trading right in the future as it intends to continue to operate as a stock brokerage entity.

As at December 31, 2024 and 2023, the latest transacted price of the trading right, as provided by the PSE, is P8,000,000, and is therefore within Level 1 of the fair value hierarchy. As at December 31, 2024 and 2023, the trading right shows no indication of impairment.

NOTE 11 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The account at December 31 consists of:

	2024	2023
Accrued expenses	**P818,040**	P906,308
Due to government	**206,267**	111,066
Other payable	**3,076**	1,420
	P1,027,383	P1,018,794

Accrued expenses consist of accruals of condominium dues, professional fees and stock exchange dues and other charges.

Due to government includes output VAT, withholding tax payable and statutory contributions for remittance.

NOTE 12 - SHARE CAPITAL

Details of the account as at December 31 are as follows:

	2024		2023	
	No. of shares	**Amount**	No. of shares	Amount
Authorized and subscribed - P100 par value per share	**600,000**	**P60,000,000**	600,000	P60,000,000
Subscriptions receivable				
At January 1		**(2,400,000)**		(4,400,000)
Collection		**-**		2,000,000
At December 31		**(2,400,000)**		(2,400,000)
Paid-up	**576,000**	**P57,600,000**	576,000	P57,600,000

NOTE 13 - APPROPRIATION OF RETAINED EARNINGS

In accordance with Rule 49.1 (B) of the SEC Memorandum Circular No. 16, Series of 2004, every broker dealer 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 schedule set in the said circular. Minimum appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid-up capital between P10 million and P30 million, between P30 million and P50 million and more than P50 million, respectively. The amount appropriated shall not be available for payment of dividends. Where in any financial year, the broker dealer's paid-up capital is impaired, the broker dealer is required to transfer from the Appropriated Retained Earnings account to the Capital account an amount equivalent to the impairment. Such amount so transferred out shall not be available for payment of dividends.

The Memo for Brokers No. 377-2006, *Clarifications on the Interpretation and Implementation of the Risk-Based Capital Adequacy Rule*, issued by the PSE, provides that if a company incurs losses during the current year, the loss should be covered by the unappropriated retained earnings. The remaining loss should be covered by the same amount from the appropriated retained earnings.

If a company earns income during the current year but has deficit, the latter is wiped out first using the current year's income and the remaining balance is used as the basis for applying the appropriation rule.

In 2024 and 2023, the Company incurred net loss after tax of P548,533 and P2,683,758, respectively, thus, the appropriated retained earnings remain at P2,443,700 as at December 31, 2024 and 2023.

NOTE 14 - COMMISION REVENUE

The commission earned by the Company in 2024 and 2023 amounting to P144,220 and P102,908, respectively, is solely from trading transactions with related parties (see Notes 6 and 17).

NOTE 15 - COST OF SERVICES

Details of the account follow:

	2024	2023
Professional fees (Note 17)	**P265,800**	P1,420,144
Stock exchange dues and fees	**203,772**	202,573
	P469,572	P1,622,717

NOTE 16 - OPERATING EXPENSES

Details of the account follow:

	2024	2023
Depreciation and amortization (Note 9)	**P991,326**	P1,014,329
Condominium dues and fees	**836,896**	786,908
Salaries and wages	**548,600**	1,066,400
Professional fees	**157,000**	-
Repairs and maintenance	**88,914**	79,036
SSS, Philhealth and HDMF contributions	**65,660**	118,980
Taxes and licenses	**37,962**	164,344
Insurance	**36,504**	36,504
Transportation and travel	**368**	4,597
Representation and entertainment	-	187,795
Office supplies	-	290
Miscellaneous	**20,993**	260,033
	P2,784,223	P3,719,216

Miscellaneous expenses include expenses ordinarily incurred by the Company such as cash replenishments.

NOTE 17 - RELATED PARTY TRANSACTIONS

The Company, in the normal course of its business, has transactions with related parties. Details of the related party transactions and balances recognized in the books are as follows:

Name of related party	Nature of transaction	Amount 2024	Amount 2023
(a) Directors	***Balance:***		
(other related party)	Due to a related party	**P62,012**	P662,012
	Advances received (paid)	**(600,000)**	600,000
	Professional fees (Note 15)	**265,800**	454,010
(b) Marian Holdings Corporation	***Transactions:***		
(other related party under common control)	Buying and selling transactions	**57,329,045**	41,097,000
	Commission revenue (Notes 6 and 14)	**144,220**	102,908

In the normal course of business, the Company acts as a stockbroker for some of its affiliates. Trading transactions are reflected under receivable from customers account.

Due to a related party amounting to P62,012 and P662,012 as at December 31, 2024 and 2023, respectively, represents balance of advances from the Company's officer used to finance the Company's working capital.

Key management compensation

The Company does not have any key management personnel employed as at December 31, 2024 and 2023. Management is assumed by directors outsourced from a related party under common control. Management fees which were recorded as part of professional fees amounted to P265,800 and P454,010 in 2024 and 2023, respectively (see Note 15).

NOTE 18 - INCOME TAXES

Reconciliations of the income tax benefit at the statutory income tax rate and the effective income tax are as follows:

	2024	2023
Loss before income tax	**(P548,533)**	(P2,683,758)
Income tax benefit calculated at statutory income tax rate of 20%	**(P109,707)**	(P536,751)
Adjust for tax effect of:		
Unrecognized deferred tax assets	**621,798**	963,440
Non-deductible expenses	**117**	84,364
Interest income subjected to final tax	**(32,208)**	(31,053)
Dividend revenue subject to zero tax rate	**(480,000)**	(480,000)
Effective income tax	**P-**	P-

RA No. 9337 prescribes MCIT of 2% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, for the three immediately succeeding taxable years. MCIT is recognized when it is higher than the RCIT.

On March 26, 2021, President Rodrigo Duterte signed into law RA No. 11534, also known as "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" Act which reduced the corporate income tax rates and rationalized the current tax incentives system by making it time bound, targeted and performance based. CREATE Act introduces reforms in the areas of corporate income tax, VAT and tax incentives, aside from providing COVID-19 reliefs to taxpayers.

Effective July 1, 2020, domestic corporations with total assets not exceeding P100 million and taxable income of P5 million and below are subject to 20% income tax rate while the other domestic corporations and resident foreign corporations are subject to 25% income tax rate. The MCIT rate is reduced from 2% to 1% from July 1, 2020 to June 30, 2023. Effective July 1, 2023, the MCIT rate reverted to its previous rate of 2%.

Effective July 2008, RA No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction equivalent to 40% of gross income. Once the option is made, it shall be irrevocable for the taxable year for which the option was made. The Company opted to continue claiming itemized deductions for the years ended December 31, 2024 and 2023.

Current tax regulations also provide for the ceiling on the amount of Entertainment, Amusement and Recreation (EAR) expense that can be claimed as a deduction against taxable profit. Under the regulations, EAR expense allowed as a deductible expense for a service company like the Company is limited to the actual EAR paid or incurred but not to exceed 1 % of net revenue.

Creditable withholding taxes as at December 31, 2024 and 2023 amounted to P454,528 (see Note 7).

The details of the Company's NOLCO prior to 2020 and after 2021 are presented below:

Year incurred	Amount	Expiry year
2024	P3,108,986	2027
2023	4,817,199	2026
2022	6,521,269	2025
	P14,447,454	

Pursuant to the provisions of Section 244 of the National Internal Revenue Code, as amended, Revenue Regulations (RR) No. 25-2020 dated September 30, 2020 was promulgated to implement Section 4 (bbbb) of RA No. 11494, otherwise known as Bayanihan to Recover as One Act, that allows taxpayers which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss, which can be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss unless otherwise disqualified from claiming the deduction.

Presented below are details of the NOLCO incurred by the Company in 2021 and 2020:

Year incurred	Amount	Expiry year
2021	P3,717,407	2026
2020	4,032,602	2025
	P7,750,009	

Details of the Company's excess MCIT over RCIT which can be claimed as tax credit against RCIT are as follows:

Year incurred	RCIT	MCIT	Excess MCIT over RCIT	Expired	Balance	Expiry year
2021	**P-**	**P1,427**	**P1,427**	**(P1,427)**	**P-**	2024

Management does not expect that sufficient taxable income will be available in future periods to allow the benefit of all or part of the deferred tax assets to be utilized, thus, no deferred tax assets were recognized on NOLCO and excess MCIT over RCIT.

Details of the Company's unrecognized deferred tax assets are as follows:

	2024		2023	
	Tax base	Deferred tax	Tax base	Deferred tax
NOLCO	**P22,197,463**	**P4,439,493**	P19,088,477	P3,817,695
Excess MCIT over RCIT	**-**	**-**	1,427	1,427
	P22,197,463	**P4,439,493**	P19,089,904	P3,819,122

The deferred tax liability on unrealized gain on changes in fair value of financial asset at FVOCI recognized by the Company as at December 31, 2024 and 2023 amounted to P7,536,000 and P7,824,000, respectively (see Note 8).

NOTE 19 - CAPITAL MANAGEMENT

The primary objectives of the Company for capital management are to ensure its ability to continue as a going concern, to maintain a strong credit rating and quality ratios, to ensure compliance with the PSE and the SEC regulations, and to maximize shareholders' value in terms of returns on investments and increased share value. The BOD is responsible for managing the Company's capital structure and makes the necessary adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust or defer the dividend payment to shareholders. No changes were made in the Company's objectives, policies or processes during the years ended December 31, 2024 and 2023. The Company considers its total equity as the capital it manages.

Regulatory qualifying capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealer as follows:

a. to allow a net capital of P2.5 million or 2.5% of aggregate indebtedness (AI), whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities;
b. to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model; and
c. to require unimpaired paid-up capital of P100 million for broker dealers, which are either first-time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; P10 million plus a surety bond for existing broker dealers not engaged in market-making transactions; and P2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

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

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110%. NLC and TRCR are computed based on the existing provision of the SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription with no SEC application, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the AI of every stockbroker should not exceed 2,000% of its NLC and at all times shall have and maintain NLC of at least P5 million or 5% of the AI, whichever is higher. If the minimum RBCA ratio of 110% or the minimum NLC is breached, every broker dealer shall immediately cease doing business as broker dealer.

Limitations on withdrawal of core equity

No equity capital of a broker dealer may be withdrawn by action of a shareholder or a partner or by redemption or repurchase of shares of stock or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a shareholder, partner, sole proprietor, employee or affiliate, if after giving effect thereto and to any other such withdrawals, advances or loans and any payments under satisfactory subordination agreements in conformity with SRC Rule 49.1 which are scheduled to occur within 180 days following such withdrawal, advance or loan if:

a. The broker dealer's NLC would be less than 120% of the minimum amount which is at least P2.5 million or 5% of its AI, whichever is higher; or
b. The AI of the broker dealer exceeds 1,500% of its net capital.

Any transaction between a broker dealer and a shareholder, partner, sole proprietor, employee or affiliate that results in a diminution of the broker dealer's net capital shall be deemed to be an advance or loan of net capital.

The RBCA ratios of the Company at December 31 are as follows:

	2024	2023
Equity eligible for NLC	**P86,182,663**	P49,051,196
Less: Ineligible assets	**77,510,960**	40,221,302
NLC	**P8,671,703**	P8,829,894
Operational risk	**P601,230**	P572,133
Position risk	**-**	-
Large exposure risk	**-**	-
TRCR	**P601,230**	P572,133
AI	**P1,089,395**	P1,680,806
5% of AI	**P54,470**	P84,040
Required NLC	**5,000,000**	5,000,000
Net Risk-based Capital Excess (Deficiency)	**3,671,703**	3,829,894
Ratio of AI to NLC	**13%**	19%
RBCA ratio	**1,442%**	1,543%

The Company is in compliance with the required RBCA ratio as of December 31, 2024 and 2023.

The SEC approved on May 28, 2009 the PSE's Rules Governing Trading Rights and Trading Participants. The provisions of the rules mandated the following:

(a) Trading participants must have and keep a minimum subscribed capital stock in such amounts as may be required by law or regulations; provided, that trading participants shall have a minimum unimpaired paid-up capital, as defined by the SEC, of P20 million effective December 31, 2009; provided further, that effective December 31, 2010 and onwards, the minimum unimpaired paid-up capital shall be P30 million; and

(b) Unless a trading participant has arranged a form of guarantee acceptable to the PSE, the trading participant shall pledge its trading right to the extent of its full value to secure the payment of all debts and claims due the clients of the trading participant, the government, the PSE and to other trading participants of the PSE and to the SCCP. Such indebtedness to the PSE, SCCP and other trading participants shall always and in every case, be a prior, preferred lien upon the value, or the proceeds of sale of the trading rights.

The Company is in compliance with the required unimpaired paid-up capital as of December 31, 2024 and 2023 as shown in the statements of changes in equity.

NOTE 20 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information which is required by the BIR under its existing RR No. 15-2010 issued on November 25, 2010 to be disclosed as part of the notes to financial statements in addition to the disclosures mandated under PFRSs.

In compliance with the requirements of the said RR, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended December 31, 2024:

1. **The amount of output VAT declared during the year and the account title and amount/s upon which the same was based**

   The Company is a VAT-registered entity with output VAT declaration of P17,306 based on revenue/receipts of P144,220.

2. **The amount of input VAT claimed**

   The amount of input VAT claimed is broken down as follows:

a. Balance at beginning of year	P4,802,558
b. Current year's domestic purchase of services	105,287
c. Total available input tax	4,907,845
d. Claims for tax credit and other adjustments	(17,306)
e. Balance at end of year	P4,890,539

3. **Taxes and licenses**

a. Local	
Documentary stamp tax on insurance	P4,563
Other local taxes	44
	4,607
b. National	
SEC license fees	32,855
BIR annual registration fee	500
	P37,962

4. **Sales tax on stock transactions** P205,437

5. **Withholding taxes**

   The amounts of withholding taxes paid/accrued during the year are as follows:

	Paid	Accrued	Total
Expanded withholding taxes	P32,931	P303	P33,234

6. **Deficiency tax assessments and tax cases**

   As of December 31, 2024, the Company has no pending tax cases and has not received any tax assessment notices from the BIR.

Alba Romeo and Co.
Audit | Tax | Consulting | Outsourcing

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Makati City 1226 Philippines
Tel. No.: +63(2) 8776-0504
www.albaromeo.com

INDEPENDENT AUDITORS' SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and the Board of Directors
Marian Securities, Incorporated
Units 1710 - 1711, PSE Tower
5th Avenue cor. 28th St.
Bonifacio Global City, Taguig City

We have audited the financial statements of Marian Securities, Incorporated as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 7, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said company has five shareholders owning one hundred or more shares each.

ALBA ROMEO AND CO.

Nellybeth C. Balingcongan
Partner
CPA Certificate No. 0096192
PTR No. 10485512, issued on January 16, 2025, Makati City
SEC Accreditation No. 96192-SEC (Individual), Group A, issued on January 17, 2023,
valid to audit 2022 to 2026 financial statements
SEC Accreditation No. 8199-SEC (Firm), Group A, issued on October 7, 2021,
valid to audit 2021 to 2025 financial statements
Tax Identification No. 501-376-933
BIR Accreditation No. 08-007141-003-2024, issued on March 15, 2024,
valid until March 14, 2027
BOA/PRC Accreditation No. 8199/P-002, issued on July 5, 2024,
valid from July 17, 2024 to July 16, 2027

Makati City
April 7, 2025

MARIAN SECURITIES, INCORPORATED

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS DECEMBER 31, 2024

There are no liabilities subordinated to claims of general creditors.

SCHEDULE 2

MARIAN SECURITIES, INCORPORATED.

RISK-BASED CAPITAL ADEQUACY WORKSHEET
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION
MEMORANDUM CIRCULAR NO. 16, SERIES OF 2004
DECEMBER 31, 2024

Please see attached Risk-Based Capital Adequacy Worksheet computation of net liquid capital as at December 31, 2024.

MARIAN SECURITIES, INCORPORATED.
RISK-BASED CAPITAL ADEQUACY WORKSHEET
DECEMBER 31, 2024

	[redacted]
Assets	**P87,272,058**
Liabilities	**1,089,395**
Equity as per books	**86,182,663**
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liabilities	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	
Revaluation Reserves	
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	
Equity Eligible For Net Liquid Capital	**86,182,663**
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	1,320,000
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	30,845,075
d. All Other Current Assets	614,535
e. Securities Not Readily Marketable	
f. Negative Exposure (SCCP)	
g. Notes Receivable (non-trade related)	
h. Interest and Dividends Receivables outstanding for more than 30 days	
i. Ineligible Insurance claims	
j. Ineligible Deposits	
k. Short Security Differences	
l. Long Security Differences not resolved prior to sale	
m. Other Assets including Equity Investment in PSE	44,731,350
Total ineligible assets	**77,510,960**

Net Liquid Capital (NLC)	**8,671,703**
Less:	
Operational Risk Reqt (Schedule ORR-1)	**601,230**
Position Risk Reqt (Schedule PRR-1)	
Counterparty Risk (Schedule CRR-1 and detailed schedules)	
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)	
LERR to a single client (LERR-1)	
LERR to a single debt (LERR-2)	
LERR to a single issuer and group of companies (LERR-3)	
Total Risk Capital Requirement (TRCR)	**601,230**
Net RBCA Margin (NLC-TRCR)	**8,070,473**
Liabilities	**1,089,395**
Add: Deposit for Future Stock Subscription (No application with SEC)	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liabilities	
Loans secured by securities	
Loans secured by fixed assets	
Others	
Total adjustments to AI	
Aggregate Indebtedness	**1,089,395**
5% of Aggregate Indebtedness	**54,470**
Required Net Liquid Capital (> of 5% of AI or P5M)	**5,000,000**
Net Risk-based Capital Excess / (Deficiency)	**3,671,703**
Ratio of AI to Net Liquid Capital	**13%**
RBCA Ratio (NLC / TRCR)	**1442%**

MARIAN SECURITIES, INCORPORATED.

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER SRC RULE 49.2 DECEMBER 31, 2024

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

Market valuation	NIL
Number of items	NIL

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

Market valuation	NIL
Number of items	NIL

SCHEDULE 4

MARIAN SECURITIES, INCORPORATED.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER SRC RULE 49.2 DECEMBER 31, 2024

Particulars	Credit	Debit
Free credit balances and other credit balances in customers' security accounts	P-	
Customers' securities failed to receive	-	
Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection		-
Failed to deliver customers' securities not older than 30 calendar days		-
Total	P-	P-
Net credit balance	**P-**	
Required reserve (100% of net credit if making a weekly computation or 105% if monthly)	**P-**	

SCHEDULE 5

MARIAN SECURITIES, INCORPORATED.

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

<u>SCHEDULE 6</u>

MARIAN SECURITIES, INCORPORATED.

RESULTS OF 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. Refer to attached summary.

MARIAN SECURITIES, INC.

INVENTORY REPORT BY LOCATION - SUMMARIZED

As of December 31, 2024

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
AC	AYALA CORP.	0	0	0	1	1	599.00	599.00
ALI	AYALA LAND INC.	0	0	0	28	28	26.20	733.60
CEI	CROWN EQUITY, INCORPORATED	0	0	0	1,074,772,600	1,074,772,600	0.06	60,187,265.60
CHIB	CHINA BANKING CORP.	0	0	0	1,110,956	1,110,956	40.30	44,771,526.80
CYBR	CYBER BAY CORP.	0	0	0	100	100	0.33	33.00
DGTL	DIGITEL TELECOM PHILS., INC.	0	0	0	1,130	1,130	0.00	0.00
EDC	ENERGY DEVELOPMENT (EDC) CORP.	0	0	0	100	100	0.00	0.00
GMA7	GMA NETWORK, INC	0	0	0	10,000	10,000	6.11	61,100.00
GMAP	GMA HOLDINGS-PDR	0	0	0	1,000	1,000	6.26	6,260.00
LSC	LORENZO SHIPPING CORP.	0	0	0	40,500	40,500	0.86	34,830.00
MGH	METRO GLOBAL HOLDINGS CORP.	0	0	0	10,000	10,000	0.00	0.00
NXGEN	NEXTGENESIS CORP.	0	0	0	500	500	0.00	0.00
PA	PACIFICA HOLDINGS, INC.	0	0	0	20,000	20,000	1.60	32,000.00
PAL	PAL HOLDINGS, INC.	0	0	0	2,500	2,500	4.95	12,375.00
PCOR	PETRON CORP.	0	0	0	12	12	2.43	29.16
PERC	PETROENERGY RESOURCES CORP.	0	0	0	87	87	3.45	300.15
PPI	PHILTOWN PROPERTIES, INC.	0	0	0	559	559	0.00	0.00
PTT	PHIL. TELEGRAPH & TEL. CO.	0	0	0	20,000	20,000	0.00	0.00
RPC	REYNOLDS PHILIPPINES CORP.	0	0	0	41,141	41,141	0.00	0.00
SGI	SOLID GROUP, INC.	0	0	0	10,000	10,000	1.03	10,300.00
SHLPH	PILIPINAS SHELL PETROLEUM CORP.	0	0	0	1,490	1,490	7.50	11,175.00
SPM	SEAFRONT RESOURCES CORP.	0	0	0	346,000	346,000	1.51	522,460.00
TECH	CIRTEK HOLDINGS PHILS. CORP.	0	0	0	1,000	1,000	1.32	1,320.00
UP	UNIVERSAL RIGHTFIELD PROPERTY HOLDG	0	0	0	165,000	165,000	0.00	0.00
UW	UNIWIDE SALES HOLDING, INC.	0	0	0	2,000	2,000	0.00	0.00
					1,076,556,704	**1,076,556,704**		**105,652,307.31**

MARIAN SECURITIES

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2024 AND 2023

		2024		2023	
i. Current/liquidity ratios					
Current ratio	Current assets	**15,746,983**	**14.45**	15,895,601	9.46
	Current liabilities	**1,089,395**		1,680,806	
Quick ratio	Current assets - inventories	**10,264,608**	**9.42**	10,521,117	6.26
	Current liabilities	**1,089,395**		1,680,806	
ii. Solvency ratios/debt-to-equity ratios					
Solvency ratio	After tax net profit (loss) + Depreciation (Non-cash expenses)	**442,793**	**0.05**	(1,669,428)	(0.18)
	Total liabilities	**8,625,395**		9,504,806	
Debt-to-equity ratio	Total liabilities	**8,625,395**	**0.11**	9,504,806	0.12
	Total equity	**78,646,663**		80,347,196	
iii. Asset-to-equity ratio					
Asset-to-equity ratio	Total assets	**87,272,058**	**1.11**	89,852,002	1.12
	Total equity	**78,646,663**		80,347,196	
iv. Interest rate coverage ratio					
Interest rate coverage ratio	Earnings before interest and tax	**(709,575)**	**-**	(2,839,025)	-
	Interest expense	**-**		-	
v. Profitability ratios					
Return on equity	Net profit (loss)	**(548,533)**	**(0.01)**	(2,683,758)	(0.03)
	Total equity	**78,646,663**		80,347,196	
Gross margin	Gross profit	**(325,352)**	**(2.26)**	(1,519,809)	(14.77)
	Revenue	**144,220**		102,908	
Net margin	Net profit (loss)	**(548,533)**	**(3.80)**	(2,683,758)	(26.08)
	Revenue	**144,220**		102,908	
Return on assets	Net profit (loss)	**(548,533)**	**(0.01)**	(2,683,758)	(0.03)
	Average total assets	**88,562,030**		88,355,578	

MARIAN SECURITIES, INCORPORATED
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024

	Current Year	Prior Year
Total Audit Fees	P147,000	P147,000
Total Non-audit Fees	-	-
Total Audit and Non-audit Fees	P147,000	P147,000