

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	T	O	C	K		B	R	O	K	E	R
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## COMPANY INFORMATION

Company's Email Address

<a href="mailto:damarketsecurities@gmail.com">damarketsecurities@gmail.com</a>
--

Company's Telephone Number/s

(+632) 8887-6407
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Mobile Number

09178633119
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No. of Stockholders

13
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Annual Meeting  
Month/Day

Last Friday of April
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Fiscal Year  
Month/Day

12/31
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## CONTACT PERSON INFORMATION

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

Name of Contact Person

Fe M. Caling
--------------

Email Address

<a href="mailto:fmcaling@houseofdavidgroup.ph">fmcaling@houseofdavidgroup.ph</a>
--

Telephone Number/s

(+632) 8887-5457
------------------

Mobile Number

N/A
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Contact Person's Address

No. 56 Purok 1, San Miguel, Lubao, Pampanga 2005
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**Note :** 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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



D.A. Market Securities Inc. <damarketsecurities@gmail.com>

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## Your BIR AFS eSubmission uploads were received

1 message

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**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: DAMARKETSECURITIES@gmail.com  
Cc: FMCALING@houseofdavidgroup.ph

Fri, Apr 26, 2024 at 10:20 AM

Hi DA MARKET SECURITIES, INC.,

### Valid files

- EAFS000112033ITRTY122023.pdf
- EAFS000112033AFSTY122023.pdf
- EAFS000112033TCRTY122023-01.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-CE9ALDEF0M44VVNN2NX3VMZ2M06H6F599A**  
Submission Date/Time: **Apr 26, 2024 10:20 AM**  
Company TIN: **000-112-033**

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

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

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



## RE: Audited Financial Statements for 2023

**ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>  
To: damarketsecurities@gmail.com

Fri, Apr 26, 2024 at 12:01 PM

Thank you for reaching out to [ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph)!

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

----- NOTICE TO  
COMPANIES -----

Please be informed of the reports that shall be filed only through [ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph).

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

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

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

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

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

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

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

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

For your information and guidance.

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

The Management of **DA MARKET SECURITIES, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



**MARIO M. AGUAS**  
Chairman of the Board



**MIA BIANCA D. NUNGA**  
Treasurer



**NESTOR S. AGUILA**  
President

Signed this 06<sup>th</sup> day of April 2024.





## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Stockholders

**DA MARKET SECURITIES, INC.**

*(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)*

Unit 1105 PSE Tower, 5<sup>th</sup> Avenue Cor. 28<sup>th</sup> Street

Bonifacio Global City, Taguig City 1634

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of **DA MARKET SECURITIES, INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **DA MARKET SECURITIES, INC.** as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (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 Audits of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### *Auditors' Responsibilities for the Audits of the Financial Statements*

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

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

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



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

#### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 and 19-2011 in Notes 29 and 30 respectively, to the financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **DA MARKET SECURITIES, INC.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R.S. BERNALDO & ASSOCIATES**

BOA/PRC No. 0300

Valid until May 28, 2024

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

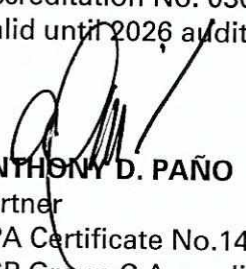
BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



**ANTHONY D. PAÑO**

Partner

CPA Certificate No. 141730

BSP Group C Accredited

Accreditation No. 141730-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-000-2022

Valid from March 30, 2022 until March 29, 2025

Tax Identification No. 415-160-393

PTR No. 10081203

Issued on January 9, 2024 at Makati City

April 6, 2024



**DA MARKET SECURITIES, INC.***(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)***STATEMENTS OF FINANCIAL POSITION**

December 31, 2023 and 2022

(In Philippine Peso)

		2023			2022		
			Security Valuation			Security Valuation	
	NOTES	Book Value	Long	Short	Book Value	Long	Short
A S S E T S							
Current Assets							
Cash and cash equivalents	7	97,689,852			143,392,929		
Trade and other receivables – net	8	6,356,107	141,835,021		22,232,949	386,688,651	
Prepayments and other current assets	9	1,682,398			1,586,332		
		105,728,357	141,835,021		167,212,210	386,688,651	
Non-current Assets							
Financial assets at fair value through other comprehensive income	10	26,271,714			25,059,593		
Furniture, fixtures and equipment – net	11	11,105,208			12,194,231		
Investment properties – net	12	1,933,906			2,450,047		
Intangible assets – net	13	758,603			728,573		
Deferred tax assets – net	24	908,745			-		
Other non-current assets		182,244			182,244		
		41,160,420			40,614,688		
TOTAL ASSETS		146,888,777	141,835,021		207,826,898	386,688,651	
S E C U R I T I E S							
In Vault, Transfer Office and Philippine Central Depository, Inc.				1,610,943,175			1,786,206,167
LIABILITIES AND STOCKHOLDERS' EQUITY							
L I A B I L I T I E S							
Current Liability							
Trade and other payables	14	42,168,892	1,469,108,155		101,856,213	1,399,517,516	
Non-current liabilities							
Deferred tax liability – net	24	-			290,621		
Other non-current liabilities		58,128			58,128		
		58,128			348,749		
TOTAL LIABILITIES		42,227,020	1,469,108,155		102,204,962	1,399,517,516	
S T O C K H O L D E R S ' E Q U I T Y							
Capital Stock	16	58,404,600			58,404,600		
Stock Dividend Distributable	16	41,595,400			-		
Appropriated Retained Earnings	17	-			34,311,790		
Unappropriated Retained Earnings		3,027,680			12,180,559		
Net Changes in Fair Value of Financial Asset at FVOCI	10	1,634,077			724,987		
TOTAL STOCKHOLDERS' EQUITY		104,661,757			105,621,936		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		146,888,777	1,610,943,175	1,610,943,175	207,826,898	1,786,206,167	1,786,206,167

(See Notes to Financial Statements)

## DA MARKET SECURITIES, INC.

*(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)*

### STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

(In Philippine Peso)

	NOTES	2023	2022
REVENUES	18	6,638,117	13,860,540
COST OF SERVICES	20	4,921,273	5,057,543
GROSS PROFIT		1,716,844	8,802,997
OTHER INCOME	19	3,554,683	1,361,727
		5,271,527	10,164,724
OPERATING EXPENSES	21	7,975,791	7,879,035
PROFIT (LOSS) BEFORE TAX		(2,704,264)	2,285,689
INCOME TAX EXPENSE (BENEFIT)	23	(834,995)	532,625
PROFIT		(1,869,269)	1,753,064
OTHER COMPREHENSIVE INCOME			
ITEM THAT WILL BE RECLASSIFIED			
SUBSEQUENT TO PROFIT OR LOSS			
UNREALIZED FAIR VALUE GAIN ON			
THE FINANCIAL ASSET AT FVOCI	10	909,090	361,856
TOTAL COMPREHENSIVE INCOME		(960,179)	2,114,920

(See Notes to Financial Statements)

DA MARKET SECURITIES, INC.

(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(In Philippine Peso)

	Notes	Capital Stock	Stock Dividend Distributable	Retained Earnings		Net Changes in Fair Value of Financial Asset at FVOCI	Total
				Appropriated	Unappropriated		
Balance at January 1, 2022		58,404,600	-	34,136,484	10,602,801	363,131	103,507,016
Profit					1,753,064		1,753,064
Additional appropriation	17			175,306	(175,306)		-
Other comprehensive income	10					361,856	361,856
<b>Balance at December 31, 2022</b>	16	<b>58,404,600</b>	-	<b>34,311,790</b>	<b>12,180,559</b>	<b>724,987</b>	<b>105,621,936</b>
Loss					(1,869,269)		(1,869,269)
Reversal of appropriation	17			(34,311,790)	34,311,790		-
Stock dividend declaration	16		41,595,400		(41,595,400)		-
Other comprehensive income	10					909,090	909,090
<b>Balance at December 31, 2023</b>	16	<b>58,404,600</b>	<b>41,595,400</b>	-	<b>3,027,680</b>	<b>1,634,077</b>	<b>104,661,757</b>

(See Notes to Financial Statements)



**DA MARKET SECURITIES, INC.***(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)***STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2023 and 2022

(In Philippine Peso)

	NOTES	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (Loss) before tax		(2,704,264)	2,285,689
Adjustments for:			
Depreciation	11,12,21	1,611,861	1,627,489
Amortization	13,21	25,845	14,733
Reversal on allowance for expected credit losses	8,19	(434)	(86,534)
Write off of accounts receivable		-	(74,360)
Finance income	7,8,19	(3,179,845)	(1,146,350)
Operating cash flows before changes in working capital		(4,246,837)	2,620,667
Decrease (Increase) in operating assets:			
Trade and other receivables – net		15,877,275	(14,905,410)
Prepayments and other current assets		(96,066)	(1,025,390)
Other non-current assets		-	-
Increase (Decrease) in operating liabilities			
Trade and other payables		(59,687,321)	36,005,477
Other non-current liabilities		-	(146,825)
Cash from (used in) operations		(48,152,949)	22,548,519
Income tax paid		(667,401)	(253,238)
Net cash from (used in) operating activities		(48,820,350)	22,295,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Finance income received	7,8,19	3,179,845	1,146,350
Additions to intangible assets	13	(55,875)	(6,501)
Additions to furniture, fixtures and equipment	11	(6,697)	(92,679)
Net cash from investing activities		3,117,273	1,047,170
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(45,703,077)</b>	<b>23,342,451</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>143,392,929</b>	<b>120,050,478</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>97,689,852</b>	<b>143,392,929</b>

(See Notes to Financial Statements)

# **DA MARKET SECURITIES, INC.**

***(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)***

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

### **1. CORPORATE INFORMATION**

DA Market Securities, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1987 with Registration No. 146176. The Company's primary purpose is primarily to create an institutional medium which will engage in and carry on the business of securities brokerage/dealership as defined in Batas Pambansa 178 and toward this end to buy, sell or deal with all other transactions relating to the account of others or its own securities; to invest in, purchase, or otherwise, acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange or otherwise dispose of personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligations, of any corporation or association, domestic or foreign and to possess and exercise in respect thereof all rights, powers and privileges, ownership, including all voting powers of any stock so owned.

The Company is wholly-owned by House of David Investment and Management Corporation. The Parents' registered office address is located at 1122-A Alhambra St. Ermita, Manila.

The Company's registered office address is located at Unit 1105 PSE Tower, 5<sup>th</sup> Avenue Cor., 28<sup>th</sup> Street, Bonifacio Global City, Taguig City 1634.

### **2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

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

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

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

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

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

The amendments to PAS 1 are the following:

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

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.



- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- Amendment to PAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

## **2.02 New and Revised PFRSs in Issue but Not Yet Effective**

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

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

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

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

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

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

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

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

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

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

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

- PFRS 17, *Insurance Contracts*

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

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

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

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

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

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

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

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

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.



### 2.02.02 Deferred

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

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

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

## **3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

### **3.01 Statement of Compliance**

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

### **3.02 Functional and Presentation Currency**

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

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

### **3.03 Current and Non-current Presentation**

The Company classifies an asset as current when:

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

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within (12) months after the reporting period; or

- It does not have an unconditional right to defer settlement of the liability for at least (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

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

#### **4. MATERIAL ACCOUNTING POLICIES**

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

##### **4.01 Fair Value Measurement**

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

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

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

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

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

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

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

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

## **4.02 Financial Assets**

### **4.02.01 Initial Recognition and Measurement**

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

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

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

### **4.02.02 Classification**

#### **➤ Financial Asset at Amortized Cost**

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

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

The Company's financial assets measured at amortized cost include cash in banks, cash equivalents, and trade and other receivables.

#### **a) Cash in Banks and Cash Equivalents**

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and that are subject to insignificant risk of changes in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

#### **b) Trade and Other Receivables**

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

➤ Financial Asset at Fair Value through Other Comprehensive Income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

4.02.03 Effective Interest Method

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

4.02.04 Impairment

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

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

The Company adopted the following approaches in accounting for impairment:

- General Approach

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

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

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

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

The Company assessed that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

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

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

The Company performs the assessment of significant increases in credit risk on collective basis for financial assets with collateral otherwise it is assessed on an individual basis.

The Company does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not since based on the Company's historical experience past due amounts even or 90 days are still collectible.

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

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

- **Simplified Approach**

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

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

- Significant financial difficulty of the counterparty;

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

#### 4.02.05 Derecognition

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

#### **4.03 Excess Tax Credits**

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

#### **4.04 Investment Properties**

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

Land is not depreciated. Depreciation is computed using the straight-line method based on the estimated useful lives of the condominium unit and parking space with 20 to 25 years.

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

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

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

#### **4.05 Furniture, Fixtures and Equipment**

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



Subsequent expenditures relating to an item of furniture, fixtures and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

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

Condominium unit	20 years
Condominium improvements	5 years
Transportation equipment	5 years
Furniture and fixtures and equipment	3 to 5 years

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

#### **4.06 Intangible Assets**

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

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

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

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

#### **4.07 Impairment of Assets**

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

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

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

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

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

#### **4.08 Financial Liabilities**

##### **4.08.01 Initial Recognition and Measurement**

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

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

#### 4.08.02 Classification

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

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

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

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

#### 4.08.03 Derecognition

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

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

### **4.09 Equity Instruments**

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

Ordinary shares are classified as equity.

### **4.10 Offsetting of Financial Instruments**

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

### **4.11 Employee Benefits**

#### 4.11.01 Short-term Employee Benefits

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

#### 4.12 Provisions

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

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

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

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

#### 4.13 Revenue Recognition

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

##### 4.13.01 Performance Obligations Satisfied Over Time

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

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

The Company charges its clients for the buying and selling of securities at rates ranging from 0.25% to 1.5% based on transaction value.

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

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

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

#### 4.13.02 Principal versus Agent Considerations

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

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

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

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

#### 4.13.03 Finance Income

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

#### **4.14 Expense Recognition**

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

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

#### **4.15 Related Parties and Related Party Transactions**

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

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

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

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

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

#### **4.16 Taxation**

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

##### **4.16.01 Current Tax**

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

##### **4.16.02 Deferred Taxes**

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

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

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



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

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

#### **4.16.03 Current and Deferred Taxes for the Period**

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

### **4.17 Changes in Accounting Policies**

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES**

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

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

### **5.01 Critical Judgments in Applying Accounting Policies**

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

#### **5.01.01 Assessment of Contractual Terms of a Financial Asset**

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

payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of all its financial assets (except FA at FVOCI) are payments of principal and interest that is consistent with basic lending arrangement. As of December 31, 2023 and 2022, financial assets measured at amortized cost amounted to P104,040,959 and P165,620,878, respectively, as disclosed in Note 26.02.

As of December 31, 2023 and 2022, financial asset at fair value through other comprehensive income amounted to P26,271,714 and P25,059,593, respectively, as disclosed in Note 10.

#### 5.01.02 Assessment of Timing of Satisfaction of Performance Obligations

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

Management assessed that its performance obligation from stock brokering is satisfied over time. While, its performance obligation from sale of investments is satisfied at point in time.

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

In 2023 and 2022, revenue on commission amounted to P6,638,117 and P13,860,540, respectively, as disclosed in Note 18.

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

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

Management assessed that the transaction price for each contract with clients need not be allocated since each contract contains one performance obligation only which is the sale or purchase of shares of stock of customers.

#### 5.01.04 Assessment of 30 days Rebuttable Presumption

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

Management assessed that the 30 days rebuttable presumption is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

#### 5.01.05 Assessment of 90 Days Rebuttable Presumption

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

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on the Company's historical experience past due amounts even over 90 days are still collectible.

#### 5.01.06 Distinction between Furniture, Fixtures and Equipment and Investment Properties

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

The Company classified its lot property at eagle ridge and condominium unit as investment properties because these are held for capital appreciation. Accordingly, the carrying amounts of investment properties amounted to P1,933,906 and P2,450,047 as of December 31, 2023 and 2022, respectively, as disclosed in Note 12.

#### 5.01.07 Assessment of Principal-Agency Arrangement

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

In 2023 and 2022, the Company assessed that it is acting as an agent and recognized commission income from agency relationship amounting to P6,638,117 and P13,860,540, respectively, as disclosed in Note 18.

### **5.02 Key Sources of Estimation of Uncertainties**

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

#### 5.02.01 Reviewing Residual Values, Useful Lives and Depreciation Method of Furniture, Fixtures and Equipment and Investment Properties

The residual values, useful lives and depreciation method of the Company's furniture, fixtures and equipment and investment properties are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date.

The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use.

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

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

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

In both years, the Management assessed that there is no significant changes in the residual values, useful lives and depreciation method used from previous estimates since the most recent annual reporting period. As of December 31, 2023 and 2022, the aggregate carrying amounts of depreciable furniture, fixtures and equipment and investment properties amounted to ₱11,761,214 and ₱13,366,378, respectively, as disclosed in Notes 11 and 12.

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

The residual value, useful life and amortization method of the Company's intangible assets are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the intangible asset is available for use, i.e., when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the asset is derecognized.

The Company uses straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the asset's future economic benefits.

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

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

In both years, Management assessed that there is no significant change in the residual value, useful life and amortization method used for computer software license from previous estimates since the most recent annual reporting period. The carrying amount of computer software license is ₱142,603 and ₱112,573 as of December 31, 2023 and 2022, respectively, as disclosed in Note 13.

In both years, Management assessed that events and circumstances continue to support an indefinite useful life for its PSE trading rights. In both years, PSE trading rights amounted to ₱616,000, as disclosed in Note 13.

#### 5.02.03 Impairment of Assets

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

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

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

In both years, Management believes that there is no indication of impairment in the aforementioned assets. In both years, Management believes that the recoverable amount of its PSE trading rights approximates its' carrying amount, hence no impairment loss is recognized. As of December 31, 2023 and 2022, the aggregate carrying amounts of the aforementioned assets amounted to ₱15,662,359 and ₱17,141,427, respectively, as disclosed in Notes 9, 11, 12 and 13.

#### 5.02.04 Estimating Allowance for Expected Credit Losses on Financial Assets

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

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

Aggregate allowance for expected credit losses of trade and other receivables amounted to ₱37,759 and ₱38,192 as of December 31, 2023 and 2022, respectively, as disclosed in Notes 8 and 26.02.

As of December 31, 2023 and 2022, the aggregate carrying amounts of financial assets measured at amortized cost amounted to ₱104,040,959 and ₱165,620,878, respectively, as disclosed in Note 26.02. Management believes that the allowance provided is sufficient to cover future losses.

#### 5.02.05 Deferred Tax Assets

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

In both years, the Company believes that it will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized. As of December 31, 2023 and 2022, the Company's deferred tax assets amounted to P1,511,944 and P9,548, respectively, as disclosed in Note 24.

#### 5.02.06 Post-employment Benefits

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

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

The Company has seven (7) qualified employees who have met the minimum length of service of at least five (5) years for those retiring upon reaching the retiring age of 60 years old and ten (10) years of service for those below retiring age in accordance with the provisioning requirements of Republic Act No. 7641. However, the Company is exempted from the coverage of the provision. The Company opted to not recognize retirement benefits in both years.

## **6. OFFSETTING OF FINANCIAL INSTRUMENTS**

The following are the quantitative information for recognized financial asset:

	Gross carrying amount (before offsetting)		Gross amount set off		Net amount presented in statements of financial position under Trade and Other Receivables (Payables)
December 31, 2023					
Financial asset					
Receivable from clearing house (Notes 8)	P	535,047	P	(132,756)	P 402,291
Financial liability					
Payable to clearing house (Notes 14)		132,756		(132,756)	-
December 31, 2022					
Financial asset					
Receivable from clearing house (Note 8)	P	2,367,915	P	(2,367,915)	P -
Financial liability					
Payable to clearing house (Note 14)		13,626,941		(2,367,915)	11,259,026



## 7. CASH AND CASH EQUIVALENTS

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

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

	<b>2023</b>		<b>2022</b>	
Cash on hand	<b>P</b>	<b>5,000</b>	<b>P</b>	5,000
Cash in banks		<b>5,976,738</b>		6,415,482
Reserve bank account		<b>91,708,114</b>		136,972,447
	<b>P</b>	<b>97,689,852</b>	<b>P</b>	143,392,929

Presented below is the breakdown of reserve bank accounts:

	<b>2023</b>		<b>2022</b>	
Cash in banks	<b>P</b>	<b>20,679,525</b>	<b>P</b>	82,340,126
Cash equivalents		<b>71,028,589</b>		54,632,321
	<b>P</b>	<b>91,708,114</b>	<b>P</b>	136,972,447

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

Cash in banks represents deposits in local banks which are unrestricted and immediately available for use in current operations which earn interest based on daily bank deposit rates. The effective interest rates on bank deposits are 3.88% to 4.00% on the reserve bank account and 0.25% on other bank accounts in both years.

Finance income on reserve bank accounts and cash in banks accounts amounted to P3,179,845 and P1,146,350 in 2023 and 2022, respectively, as disclosed in Note 19.

## 8. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables consist of:

	2023	2022
	P	P
Receivables from customers – cash	<b>5,761,013</b>	22,107,410
Receivables from clearing house	<b>402,291</b>	-
Allowance for expected credit losses – cash/margin	<b>(32,463)</b>	(32,896)
	<b>6,130,841</b>	22,074,514
Receivable from other brokers	<b>5,296</b>	5,296
Allowance for expected credit losses – other brokers	<b>(5,296)</b>	(5,296)
Total cash and other brokers	<b>6,130,841</b>	22,074,514
Interest receivables	<b>217,052</b>	114,671
Other receivables	<b>8,214</b>	43,764
	<b>P 6,356,107</b>	<b>P 22,232,949</b>

The average credit period on sales of trading securities is three (3) trading days. No interest is charged on trade receivable.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and provisions have been recorded accordingly. Allowance for impairment on receivable from customers is computed using the formula Risk-Based Capital Adequacy (RBCA) Report.

Receivable from clearing house pertains to the net-selling transactions (i.e., amount of selling transactions less buying transactions) for the last three (3) days of the year, which will be settled in three (3) trading days following the date of the transaction. The amount is net receivable from clearing house amounting to ₱533,047 and ₱2,367,915, respectively, as disclosed in Note 6.

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

The Company has past due but not credit impaired accounts.

The Company's trade receivable as of December 31, 2023 and 2022, arising from its security valuation are as follow:

#### 8.01 Receivable from Customer

	2023			2022		
	Debit Balances	Security Long Valuation		Debit Balances	Security Long Valuation	
Cash and fully secured accounts:						
More than 250%	P 4,867,662	P 140,860,027	P	7,212,402	P 480,050,194	P
Between 200% and 250%	-	-		-	-	
Between 100% and 150%	856,818	969,310		14,858,417	15,561,888	
Less than 100%	18,526	5,684		18,585	5,592	
Unsecured accounts	18,006			18,006	-	
	5,761,012	141,835,021		22,107,410	386,688,651	
Allowance for expected credit losses	(32,463)	-		(32,896)	-	
	P 5,728,549	P 141,835,021	P	22,074,514	P 386,688,651	P

This account represents amount due from customers resulting from brokerage services rendered, including value of securities bought in behalf of customers, commissions, and other charges thereon. None of the receivables has been pledged as collateral to any loan.

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

	2023	2022
Balance, January 1	P 32,896	P 193,790
Write-off of receivables	-	(74,360)
Reversal of allowance for expected credit losses (Note 19)	(434)	(86,534)
Balance, December 31	P 32,463	P 32,896

Based on credit evaluations made, Management believes that there were no significant concentrations or increase in the credit risk on the above short-term financial assets for the years 2023 and 2022. The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

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

#### 8.02 Receivable from Other Brokers

The receivable from other brokers as of December 31, 2023 and 2022 amounted to P5,296.

This account represents claims due from other broker for the purchase of securities and other trade related transactions. Allowance for expected credit losses related to this account as of December 31, 2023 and 2022 amounted to P5,296.

## 9. PREPAYMENTS AND OTHER CURRENT ASSETS

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

		2023		2022
Prepayments	P	376,859	P	295,288
Excess tax credits		1,303,039		1,260,062
Input VAT – net		-		28,482
Other current assets		2,500		2,500
	P	1,682,398	P	1,586,332

Prepayments pertain to prepaid insurance, SEC prepaid licenses fees, annual software maintenance fees and association dues of the Company.

Input VAT – net arises from the purchase of goods or services. In 2023 and 2022, the amount of output VAT offset against input VAT amounted to ₱329,299 and ₱290,796, respectively.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Below are the components of financial assets at fair value through other comprehensive income:

		2023		2022
Unit Investment Trust Fund (10.01)	P	25,821,714	P	24,759,593
Membership shares of Eagle Ridge (10.02)		450,000		300,000
	P	26,271,714	P	25,059,593

The unrealized fair value gain on the financial assets at fair value through other comprehensive income net of tax as shown in other comprehensive income amounted to ₱909,090 and ₱361,856 in 2023 and 2022, respectively. Market adjustment recognized as of December 31, 2023 and 2022 amounted to ₱1,634,077 and ₱724,987, respectively.

### 10.01 Unit Investment Trust Fund

The unit investment trust fund as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Assets		
Savings deposit	P 3,424	P 4,955
Investments in (at fair values):		
Investment in UITF	11,186,906	21,652,672
Available for sale securities – Investment in Government Securities	13,937,719	2,560,001
Investment in Other Securities and Debt Instruments	498,994	499,623
Others	214,287	46,184
	25,841,330	24,763,435
Liability		
Accrued expenses	19,616	3,842
Fund balance	P 25,821,714	P 24,759,593

Movements in the trust fund balance are presented below:

	2023	2022
Trust fund balance, beginning	P 24,759,593	P 24,477,119
Unrealized fair value gain	1,062,121	282,474
Trust fund balance, ending	P 25,821,714	P 24,759,593

The absolute return on investment amounted to 4.29% and 0.58% as of December 31, 2023 and 2022, respectively.

### 10.02 Eagle Ridge Golf

The membership shares of Eagle Ridge Golf amounted to P450,000 and P300,000 as of December 31, 2023 and 2022, respectively. In 2023 and 2022, unrealized fair value gain amounted P150,000 and P200,000, respectively.

# 11. FURNITURE, FIXTURES AND EQUIPMENT – net

The carrying amounts of the Company's furniture, fixtures and equipment are as follows:

	Condominium Unit	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Improvements	Total
<b>January 1, 2022</b>					
Cost	P 12,348,021	P 919,034	P 3,745,537	P 2,785,209	P 19,797,801
Accumulated depreciation	(2,109,453)	(748,474)	(3,123,512)	(603,463)	(6,584,902)
<b>Carrying amount</b>	<b>10,238,568</b>	<b>170,560</b>	<b>622,025</b>	<b>2,181,746</b>	<b>13,212,899</b>
<b>Movements during 2022</b>					
Balance, January 1, 2022	10,238,568	170,560	622,025	2,181,746	13,212,899
Additions	-	92,679	-	-	92,679
Depreciation (Note 21)	(617,401)	(111,836)	(196,429)	(185,681)	(1,111,347)
<b>Balance, December 31, 2022</b>	<b>9,621,167</b>	<b>151,403</b>	<b>425,596</b>	<b>1,996,065</b>	<b>12,194,231</b>
<b>December 31, 2022</b>					
Cost	12,348,021	1,011,713	3,745,536	2,785,209	19,890,479
Accumulated depreciation	(2,726,854)	(860,310)	(3,319,940)	(789,144)	(7,696,248)
<b>Carrying amount</b>	<b>9,621,167</b>	<b>151,403</b>	<b>425,596</b>	<b>1,996,065</b>	<b>12,194,231</b>
<b>Movements during 2023</b>					
Balance, January 1, 2023	9,621,167	151,403	425,596	1,996,065	12,194,231
Additions	-	6,697	-	-	6,697
Depreciation (Note 21)	(617,402)	(96,210)	(196,429)	(185,679)	(1,095,720)
<b>Balance, December 31, 2023</b>	<b>9,003,765</b>	<b>61,890</b>	<b>229,167</b>	<b>1,810,386</b>	<b>11,105,208</b>
<b>December 31, 2023</b>					
Cost	12,348,021	1,018,410	3,745,536	2,785,209	19,897,175
Accumulated depreciation	(3,344,256)	(956,520)	(3,516,369)	(974,823)	(8,791,967)
<b>Carrying amount</b>	<b>P 9,003,765</b>	<b>P 61,890</b>	<b>P 229,167</b>	<b>P 1,810,386</b>	<b>P 11,105,208</b>



In 2023 and 2022, additions were paid in cash.

In 2023 and 2022, the Company's furniture, fixtures and equipment with original cost of ₱2,829,954 are fully depreciated but still in use.

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

## 12. INVESTMENT PROPERTIES – net

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

	Lot Property at Eagle Ridge	Condominium Unit	Total
January 1, 2022			
Cost	₱ 1,277,900	₱ 8,354,047	₱ 9,631,947
Accumulated depreciation	-	(6,665,758)	(6,665,758)
<b>Carrying amount</b>	<b>1,277,900</b>	<b>1,688,289</b>	<b>2,966,189</b>
Movements during 2022			
Balance, January 1, 2022	1,277,900	1,688,289	2,966,189
Depreciation (Note 21)	-	(516,142)	(516,142)
<b>Balance, December 31, 2022</b>	<b>1,277,900</b>	<b>1,172,147</b>	<b>2,450,047</b>
December 31, 2022			
Cost	1,277,900	8,354,047	9,631,947
Accumulated depreciation	-	(7,181,900)	(7,181,900)
<b>Carrying amount</b>	<b>1,277,900</b>	<b>1,172,147</b>	<b>2,450,047</b>
Movements during 2023			
Balance, January 1, 2023	1,277,900	1,172,147	2,450,047
Depreciation (Note 21)	-	(516,141)	(516,141)
<b>Balance, December 31, 2023</b>	<b>1,277,900</b>	<b>656,006</b>	<b>1,933,906</b>
December 31, 2023			
Cost	1,277,900	8,354,047	9,631,947
Accumulated depreciation	-	(7,698,041)	(7,698,041)
<b>Carrying amount</b>	<b>₱ 1,277,900</b>	<b>₱ 656,006</b>	<b>₱ 1,933,906</b>

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

- 156 square meter property at Unit MP-201, Malayan Plaza, ADB Avenue corner Opal Road, Ortigas Center, Pasig City under CCT PT-50908.
- Lot property at Eagle Ridge Golf and Residential Estates Phase 1, Lot No. 5 Block No. 46 with approximate area of 319 square meters, which was purchased together with a membership share in Eagle Ridge Golf and Residential Estates for a total contract price of ₱1,362,634.

Based on the last appraisal done by a SEC accredited asset valuer, Top Consult Incorporated, with report dated February 19, 2018, the current market or appraised price of the Company's Lot at Eagle Ridge is ₱4,500 per square meter. The last appraised value of the Lot at Eagle Ridge property and the Condominium Unit with Parking Lot amounted to ₱1,436,000 and ₱10,920,000, respectively. An ocular inspection and other factors such as development in the locality and local market conditions such as extent, character and utility of the property, sales and holding prices of similar land and highest and best use of the land have been considered in the valuation.

The Company engaged Crown Property Appraisal Corporation, a duly SEC-accredited appraiser, whose appraisal report dated January 16, 2020 presented a market value on the condominium unit at Malayan Plaza to be ₱17,004,000 using existing utilization as office condominium as highest and best use and direct sales comparison approach.

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

### 13. INTANGIBLE ASSETS – net

The carrying amounts of the Company's intangible assets as of December 31, 2023 and 2022 are as follows:

	PSE Trading Rights	Computer Software License	Total
January 1, 2022			
Cost	₱ 616,000	₱ 169,628	₱ 785,628
Accumulated amortization	-	(48,822)	(48,822)
<b>Carrying amount</b>	<b>616,000</b>	<b>120,806</b>	<b>736,806</b>
Movements during 2022			
Balance, January 1, 2022	616,000	120,806	736,806
Additions	-	6,500	6,500
Amortization (Note 21)	-	(14,733)	(14,733)
<b>Balance, December 31, 2022</b>	<b>616,000</b>	<b>112,573</b>	<b>728,573</b>
<b>December 31, 2022</b>			
Cost	616,000	176,128	792,128
Accumulated amortization	-	(63,555)	(63,555)
<b>Carrying amount</b>	<b>616,000</b>	<b>112,573</b>	<b>728,573</b>
Movements during 2023			
Balance, January 1, 2023	616,000	112,573	728,573
Additions	-	55,875	55,875
Amortization (Note 21)	-	(25,845)	(25,845)
<b>Balance, December 31, 2023</b>	<b>616,000</b>	<b>142,603</b>	<b>758,603</b>
<b>December 31, 2023</b>			
Cost	616,000	232,003	848,003
Accumulated amortization	-	(89,400)	(89,400)
<b>Carrying amount</b>	<b>₱ 616,000</b>	<b>₱ 142,603</b>	<b>₱ 758,603</b>

As of December 31, 2023 and 2022, the remaining amortization period of computer software licenses ranges from one (1) to two (2) years.

### 13.01 PSE Trading Rights

On August 13, 2009, in compliance with Section 8, Article III of the Amended By Laws of the Exchange, the Company's trading rights (previously the exchange membership seat) is pledged at its full value to the PSE to secure the payment of all debts due to the Exchange and to other participants of the Exchange arising out of or in connection with the present or future contracts relating to securities in compliance with Section 7, Article II of the Rules Governing Trading Rights and Trading Participants, to secure the payment of all debts and claims due to the clients of the Company, the Government, the Exchange and the other participant of the Exchange and to the Securities Clearing Corporation of the Philippines.

The carrying amount of trading right in the statements of financial position amounts to ₱616,000 in both years.

Trading rights as the subject of the most recent sale approved by the PSE Board of Directors on December 14, 2011 amounted to ₱8,500,000. This is based on the certification dated March 4, 2014, issued to the Company by the Philippine Stock Exchange, Inc. – Market Regulation Division. Considering that the market value is more than the carrying amount, no impairment loss shall be recognized for this account.

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

## 14. TRADE AND OTHER PAYABLES

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

		2023		2022
Payable to customers	₱	39,112,450	₱	87,518,947
Payable to clearing house (Note 6)		-		11,259,026
		<b>39,112,450</b>		<b>98,777,973</b>
Payable to non-customers		<b>2,323,184</b>		<b>2,488,276</b>
Accrued expenses		<b>246,941</b>		<b>325,197</b>
Payable to government agencies		<b>314,292</b>		<b>188,845</b>
Others		<b>172,025</b>		<b>75,922</b>
	<b>₱</b>	<b>42,168,892</b>	<b>₱</b>	<b>101,856,213</b>

	2023		2022	
	Credit Balances	Security Valuation/ Long	Credit Balances	Security Valuation/ Long
Free balance				
With money	P 39,112,450	P 399,652,915	P 87,518,947	P 634,702,360
No money	-	1,069,455,240	-	764,815,156
	P 39,112,450	P 1,469,108,155	P 87,518,947	P 1,399,517,516

This also pertain to amounts due to customers arising from brokerage services rendered, including value of securities sold in behalf of customer, commission and other charges. Payable to customers are non-interest bearing and are normally paid within three (3) days after the trading date.

Payable to clearing house should be paid within three (3) days after the transaction date. Otherwise, the Company will be considered in default and will be charged with penalties.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe, as disclosed in Note 26.

## 15. RELATED PARTY TRANSACTIONS

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

Related Parties	Nature of Relationship
House of David Investment & Management Corporation (HDIMC)	Parent
Directors, Stockholders and Related Interest	Members of Key Management Personnel

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

### 15.01 Buying and Selling Transactions

Buying and selling transactions of related parties are set out below:

#### 15.01.01 Members of Key Management Personnel

Details of transactions with the members of key management personnel are as follows:

	December 31, 2023		December 31, 2022	
	Amounts/ Volume	Outstanding Balance	Amounts/ Volume	Outstanding Balance
<b>Directors</b>				
Buying	P 27,773,907	P -	P 21,197,601	P -
Selling	32,977,110	-	35,405,328	-
<b>Related Interest</b>				
Buying	107,085,990	-	77,853,201	-
Selling	116,448,112	-	67,586,381	-
	<b>P 284,285,119</b>	<b>P -</b>	<b>P 202,042,511</b>	<b>P -</b>

### 15.02 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel pertains to short-term benefits amounting to P2,333,015 and P2,671,618 in 2023 and 2022, respectively.

### 15.03 Revenue Regulations No 34 – 2020

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

## 16. CAPITAL STOCK

The capital stock of the Company are as follows:

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized:				
At P100 par value per share	750,000	P 75,000,000	750,000	P 75,000,000
Issued and outstanding:				
Balance, January 1	584,046	P 58,404,600	584,046	P 58,404,600

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

### **16.01 Stock Dividend Distributable**

At a regular meeting of the Board of Directors (BOD) held on May 13, 2023, where directors and stockholders unanimously approved that the Company will issue a 71.2194% stock dividend to all existing stockholders of record as of May 31, 2023 for every share of common stock with a par value of ₱100 per share, outstanding and held by the stockholder to be distributed upon approval of the Securities and Exchange Commission (SEC).

On the same date, the BOD approved the reversal of the appropriated retained earnings, as disclosed in Note 17, to be used for the said declaration of stock dividends.

The Company through its BOD will issue a total of 415,954 shares at ₱100 par value or equivalent to ₱41,595,400. The total 415,954 shares will be coming from the present 165,954 unissued shares and the remaining 250,000 shares will be from the additional authorized capital stock.

## **17. APPROPRIATED RETAINED EARNINGS**

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

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

In accordance with the provisions of the Circular, results of the Company’s financial performance require additional appropriation of nil and ₱175,306 in 2023 and 2022, respectively.

On November 25, 2022, the Company renewed its surety bond coverage for the period of January 2, 2023 to December 31, 2023 in the amount of ₱10,000,000 in compliance with the said SEC rulings.

Retained earnings to be appropriated is computed as follows:

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

The movements in the appropriated retained earnings are as follows:

	<b>2023</b>	<b>2022</b>
	<b>P</b>	
Balance, January 1	<b>34,311,790</b>	P 34,136,484
Additional appropriation	-	175,306
Reversal of appropriation (Note 16)	<b>(34,311,790)</b>	-
Balance, December 31	<b>P -</b>	<b>P 34,311,790</b>

The Company is compliant with the above requirements.

## **18. REVENUE**

The commissions earned from stock brokerage services rendered to customers amounted to P6,638,117 and P13,860,540 in 2023 and 2022, respectively.

## **19. OTHER INCOME**

Components of other income are as follows:

	<b>2023</b>	<b>2022</b>
	<b>P</b>	
Finance income on reserve bank accounts and cash in banks (Note 7)	<b>3,179,845</b>	P 1,146,350
Reversal of allowance for expected credit losses (Note 8)	<b>434</b>	86,534
Miscellaneous	<b>374,404</b>	128,843
	<b>P</b>	
	<b>3,554,683</b>	<b>P 1,361,727</b>

## 20. COST OF SERVICES

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

	2023	2022
Salaries and wages (Note 22)	<b>P 1,862,714</b>	P 1,564,801
Commission (Note 22)	<b>1,485,100</b>	2,533,819
Stock exchange dues and fees	<b>1,200,300</b>	609,866
Central depository fees	<b>184,767</b>	214,106
SSS, PHIC and HDMF contributions (Note 22)	<b>188,392</b>	134,951
	<b>P 4,921,273</b>	P 5,057,543

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

## 21. OPERATING EXPENSES

The account is composed of the following expenses:

	2023	2022
Salaries and wages (Note 22)	<b>P 2,203,784</b>	P 1,972,454
Depreciation (Notes 11 and 12)	<b>1,611,861</b>	1,627,488
Transportation and travel	<b>1,504,380</b>	1,554,867
Condominium dues and fees	<b>437,370</b>	407,040
Management fee	<b>311,050</b>	474,500
Postage, telephone and communication	<b>226,167</b>	224,959
Taxes and licenses	<b>211,133</b>	194,061
Security and janitorial services	<b>177,295</b>	242,352
SSS, PHIC and HDMF contributions (Note 22)	<b>143,594</b>	115,714
Director's fee	<b>118,500</b>	146,900
Utilities	<b>113,703</b>	105,142
Repairs and maintenance	<b>106,115</b>	81,086
Fuel and lubricants	<b>89,861</b>	98,573
Professional fees	<b>83,200</b>	86,200
Office supplies	<b>66,768</b>	93,205
Insurance	<b>63,644</b>	57,735
Amortization (Note 13)	<b>25,845</b>	14,732
Representation and entertainment	<b>15,634</b>	6,914
Miscellaneous	<b>422,387</b>	375,113
	<b>P 7,932,291</b>	P 7,879,035

Detailed breakdown of depreciation expenses is as follows:

	2023	2022
Furniture, fixtures and equipment (Note 11)	<b>P 1,095,720</b>	P 1,111,347
Investment property (Note 12)	<b>516,141</b>	516,142
	<b>P 1,611,861</b>	P 1,627,488



## 22. EMPLOYEE BENEFITS

### 22.01 Short-term Employee Benefits

Short-term employee benefits are composed of salaries, wages and bonuses, commission expense and SSS, PHIC and HDMF contributions, as disclosed in Notes 20 and 21.

	2023	2022
Salaries and wages:		
Cost of services	<b>P 1,862,714</b>	P 1,564,801
Operating expenses	<b>2,203,784</b>	1,972,454
Commission expense	<b>1,485,100</b>	2,533,819
SSS, PHIC, and HDMF contributions:		
Cost of services	<b>188,392</b>	134,951
Operating expense	<b>143,594</b>	115,714
	<b>P 5,883,584</b>	P 6,321,739

## 23. INCOME TAXES

### 23.01 Income Tax Recognized in Profit or Loss

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

	2023	2022
Current tax expense	<b>P 31,369</b>	P 94,456
Final tax	<b>636,032</b>	229,201
Deferred tax (benefit) expense (Note 24)	<b>(1,502,396)</b>	208,968
	<b>P (834,995)</b>	P 532,625

A numerical reconciliation between tax expense and the product of accounting profit (loss) multiplied by the tax rate of 25% in 2023 and 2022, respectively, is as follows:

	2023	2022
Accounting profit (loss)	<b>P (2,704,264)</b>	P 2,285,689
Tax expense (benefit) at 25%	<b>(676,066)</b>	571,422
Adjustment of final tax	<b>636,032</b>	229,201
Tax effects of:		
Write off of receivables	-	18,589
Finance income subject to final tax	<b>(794,961)</b>	(286,587)
	<b>P (834,995)</b>	P 532,625

Details of NOLCO covered by Revenue Regulation No. 25-2020 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	P 674,981	P 674,981	P -	P -	P -	2026

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

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

Details of NOLCO from 2023 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2023	P 5,884,543	P -	P -	P -	P 5,884,543	2026

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

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	P 70,419	P 70,419	P -	P -	P -	2024
2023	31,369	-	-	-	31,369	2026
	P 101,788	P 70,419	P -	P -	P 31,369	

## 24. DEFERRED TAXES – net

The details of the Company's deferred taxes are as follows:

	2023	2022
Deferred tax assets (Note 24.01)	P 1,511,944	P 9,548
Deferred tax liabilities (Note 24.02)	(603,199)	(300,169)
	P 908,745	P (290,621)

#### 24.01 Deferred Tax Assets

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

		Allowance for Expected Credit Losses	NOLCO	MCIT	Total
Balance, January 1, 2022	P	49,771 P	168,745 P	70,419 P	<b>288,935</b>
Recognized in profit or loss		(40,223)	(168,745)	(70,419)	<b>(279,387)</b>
<b>Balance, December 31, 2022</b>		<b>9,548</b>	-	-	<b>9,548</b>
Recognized in profit or loss		(109)	1,471,136	31,369	<b>1,502,396</b>
<b>Balance, December 31, 2023</b>	<b>P</b>	<b>9,439 P</b>	<b>1,471,136 P</b>	<b>31,369 P</b>	<b>1,511,944</b>

#### 24.02 Deferred Tax Liability

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

		Unrealized Gain on Trust Fund
Balance, January 1, 2022	P	179,550
Recognized in other comprehensive income		120,619
<b>Balance, December 31, 2022</b>		<b>300,169</b>
Recognized in other comprehensive income		303,030
<b>Balance, December 31, 2023</b>	<b>P</b>	<b>603,199</b>

## 25. FAIR VALUE MEASUREMENTS

### 25.01 Fair Value of Financial Assets and Liability

The carrying amounts and estimated fair values of the Company's financial assets and financial liability as of December 31, 2023 and 2022 are presented below:

		2023		2022	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets:</b>					
Cash and cash equivalents	P	97,689,852	P 97,689,852	P 143,392,929	P 143,392,929
Trade and other receivables		6,356,107	6,356,107	22,232,950	22,232,950
Financial assets at FVOCI		26,271,714	26,271,714	25,059,593	25,059,593
	P	130,317,673	P 130,317,673	P 190,685,472	P 190,685,471
<b>Financial Liability:</b>					
Trade and other payables	P	41,854,600	P 41,854,600	P 101,667,368	P 101,667,368

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

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

### 25.02 Fair Value Measurements Recognized in the Statements of Financial Position

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

The Company used Level 1 to value its financial assets at fair value through other comprehensive income. Accordingly, fair value of the said investments amounted to P26,271,714 and P25,059,593 as of December 31, 2023 and 2022, respectively.

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

### 25.03 Fair Value Determinations of Assets and Liabilities

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

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

#### 25.03.01 Fair Value Hierarchy

Shown below are the fair values of assets:

#### **Recurring Fair Value Measurements**

		Level 1		Level 2		Level 3		Total
<b>2023</b>								
Financial assets at fair value through other comprehensive income	P	26,271,714	P	-	P	-	P	26,271,714
<b>2022</b>								
Financial assets at fair value through other comprehensive income	P	25,059,593	P	-	P	-	P	25,059,593

#### **Fair Value Disclosure**

		Level 1		Level 2		Level 3		Total
<b>2023</b>								
Investment properties	P	-	P	-	P	18,440,000	P	18,440,000
<b>2022</b>								
Investment properties	P	-	P	-	P	18,440,000	P	18,440,000

#### 25.03.02 Valuation Technique used to Derive Level 3 Fair Value

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

#### 25.03.03 Highest and Best Use

The Company's non-financial asset is composed of investment property being idle and held for capital appreciation. However, as of December 31, 2023 and 2022, the Company assessed the highest and best use of the investment property from the perspective of market participants. The investment property could be developed or converted to property held for leasing. Management is currently assessing probable options by which it can derive best benefits from the property.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

### 26.01 Market Risk Management

#### 26.01.01 Interest Rate Risk Management

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

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

### 26.02 Credit Risk Management

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

In accordance with SRC Rule 52.1, the Company shall provide an allowance for expected Credit losses Accounts as follows:

Classification	Provision	Base
T+0 to T+2	0%	Total receivable
T+3 to T+14	2%	TR
T+14 to T+30	50%	TR less collateral (net of haircut)
T+31 up	100%	TR less collateral (net of haircut)

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

- Banks

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

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

- Trade and other receivables

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

Financial assets measured at amortized cost are as follows:

		2023		2022
Cash in banks and reserve bank accounts	P	97,684,852	P	143,387,929
Trade and other receivables		6,356,107		22,232,949
	P	104,040,959	P	165,620,878

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

- Probability of Default (PD)

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

- Loss Given Default (LGD)

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

- Exposure at Default (EAD)

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

Below is the summary of computation of allowance for expected credit losses in 2023 and 2022:

December 31, 2023				
	PD rate	LGD rate	EAD	ECL
	a	b	c	d=a*b*c
Cash in banks and reserve bank accounts	0.00%	0.00% to 96.31%	P 97,684,852	P -
Trade and other receivables	0.59%	0.00% to 100.00%	6,393,866	37,759
			P 103,488,559	P 37,759

December 31, 2022					
	PD rate	LGD rate		EAD	ECL
	a	b		c	d=a*b*c
Cash in banks and reserve bank accounts	0.00%	0.00% to 99.41%	P	143,387,929 P	-
Trade and other receivables	0.17%	0.00% to 100.00%		22,271,141	38,192
			P	165,659,070 P	38,192

#### Cash in Banks and Reserve Bank Accounts

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

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 96.31% and 0.00% to 99.41% in 2023 and 2022, respectively.

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

#### Trade and Other Receivables

The Company determined the probability of default rate by considering the following: aging schedules of receivables from customers for the past five (5) years; breakdown of receivables per year; past, current, and forecast macro-economic information; and correlation between default rates and unemployment rates. The Company estimated the probability of default to be 0.59% and 0.17% in for its customers in 2023 and 2022, respectively.

Loss given default rates are 0.00% to 100% in both years.

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

The Company assessed that the application of PFRS 9 resulted to lower allowance for expected credit loss than the prescribed allowance based on SEC memorandum circular no. 16 series of 2004. However, any future material changes that may arise from the application of PFRS 9 will be adjusted.

### **26.03 Liquidity Risk Management**

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



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

the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average Effective Interest Rate		Within One (1) Year		Total
<b>December 31, 2023</b>					
Trade and other payables	-	P	41,854,600	P	41,854,600
Other non-current liabilities	-		58,128		58,128
		P	41,912,728	P	41,912,728
<b>December 31, 2022</b>					
Trade and other payables	-	P	101,667,368	P	101,667,368
Other non-current liabilities	-		58,128		58,128
		P	101,725,496	P	101,725,496

Trade and other payables are exclusive of payable to government agencies.

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

	Weighted Average Effective Interest Rate		On Demand		Within One (1) Year		Total
<b>December 31, 2023</b>							
Cash on hand	-	P	5,000	P	-	P	5,000
Cash in banks	0.25%		5,976,738		-		5,976,738
Reserve bank accounts	3.88% to 4.00%		91,708,114		-		91,708,114
Trade and other receivables	-		-		6,356,107		6,356,107
		P	97,689,852	P	6,356,107	P	104,045,959
<b>December 31, 2022</b>							
Cash on hand	-	P	5,000	P	-	P	5,000
Cash in banks	0.25%		6,415,482		-		6,415,482
Reserve bank accounts	3.88% to 4.00%		136,972,447		-		136,972,447
Trade and other receivables	-		-		22,232,949		22,232,949
		P	143,392,929	P	22,232,949	P	165,625,878

## 27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management manages the Company's capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2022.

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

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

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

The Company monitors capital on the basis of the following:

1. Proportion of debt to equity.

		2023		2022
Debt	P	42,227,020	P	102,204,962
Equity		104,661,757		105,621,936
Debt-to-equity ratio		0.40:1		0.97:1

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

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

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

### **27.01 Paid-up Capital Requirement**

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

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

Under present regulations, the minimum paid-up capital for existing broker dealer participating in a registered clearing agency is ₱30 Million, provided it is not (a) a first time registrant and (b) is not acquiring the business of existing broker-dealer firms. The Company’s paid-up capital amounted to ₱58,404,600 for both years.

### **27.02 Net Liquid Capital Requirement**

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

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

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

The Company’s AI is ₱42,168,892 and ₱101,856,213 as of December 31, 2023 and 2022, respectively.

The Company’s NLC is ₱87,497,002 and ₱85,596,666 as of December 31, 2023 and 2022, respectively. Hence, the Company is in compliance with the NLC requirement.

### **27.03 RBCA Ratio Requirement**

Every Broker Dealer shall ensure that its Risk Based Capital Adequacy (RBCA) ratio is greater than or equal to 1.1, its aggregate indebtedness should not be in excess of 2000% of its NLC at all times, and its core equity is at all times greater than its

operational risk requirement (ORR). Core equity is the sum of paid up capital and surplus reserves.

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

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

The Company's RBCA ratio is 2027% and 1,365% as of December 31, 2023 and 2022, respectively. The Company's RBCA ratio is near the required limit. These conditions have been mitigated by the Company's plan to increase its RBCA ratio by issuing additional shares and pledging of cash.

The Company's ratio of AI to NLC is 48% and 115% in 2023 and 2022, respectively. The Company is in compliance with the required ratio of AI to NLC.

The Company's core equity is ₱104,896,949 and ₱103,143,885 as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company's ORR amounted to ₱3,044,800 and ₱5,940,655, respectively. Hence, the Company is in compliance with the core equity requirement.

## **28. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved and authorized for issuance by the Board of Directors on April 6, 2024.

## **29. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15-2010**

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

### **29.01 Taxes and Licenses Paid or Accrued**

The details of the Company's taxes and licenses fees paid or accrued in 2023 are as follows:

#### **29.01.01 Output VAT**

The Company is a VAT-registered with output tax declaration of ₱6,638,137 for the year based on the amount reflected in the BIR-2550Q from 1<sup>st</sup> Quarter to 4<sup>th</sup> Quarter.

#### 29.01.02 Input VAT

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

Balance, January 1, 2023	P	28,482
Current year's domestic purchases/payments for:		
Domestic Purchases of Goods Other than Capital Goods		52,369
Domestic purchase of services		268,443
<b>Total available input VAT</b>		<b>349,294</b>
Application to output VAT		(329,299)
Adjustments		(19,995)
<b>Balance, December 31, 2023</b>	<b>P</b>	<b>-</b>

#### 29.01.03 Other Taxes and Licenses

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

	P	
Real estate tax		95,545
Permit, clearance and licenses		94,977
Residence or community tax		8,401
Others		12,210
	<b>P</b>	<b>211,133</b>

#### 29.01.04 Withholding Taxes

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

Withholding tax on compensation and benefits	P	336,011
Expanded withholding taxes		193,409
Final withholding taxes		53
	<b>P</b>	<b>529,473</b>

Expanded withholding taxes include amounts withheld on payments of professional fees, agents' commission, office supplies and rental. Professional fees of General Professional Partnership (GPP) are not subject to withholding taxes.

### **30. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 19-2011**

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

#### **30.01 Revenue**

The Company's revenue amounted to P6,638,117 for the taxable year.

### **30.02 Direct Costs**

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

Salaries and wages	P	1,862,714
Commission		1,485,100
Stock exchange dues and fees		1,200,300
Central depository fees		184,767
SSS, PHIC and HDMF contributions		188,392
	P	<b>4,921,273</b>

### **30.03 Non-Operating and Taxable Other Income**

The Company's non-operating and non-taxable operating income pertains to miscellaneous income amounting to P374,404.

### 30.04 Itemized Deductions

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

Salaries and wages	P 2,203,784
Depreciation	1,611,861
Transportation and travel	1,504,380
Condominium dues and fees	437,370
Management fee	311,050
Postage, telephone and communication	226,167
Taxes and licenses	211,133
Security and janitorial services	177,295
SSS, PHIC and HDMF contributions	143,594
Director's fee	118,500
Utilities	113,703
Repairs and maintenance	106,115
Fuel and lubricants	89,861
Professional fees	83,200
Office supplies	66,768
Insurance	63,644
Amortization	25,845
Representation and entertainment	15,634
Miscellaneous	422,387
	<b>P 7,932,291</b>



**PKF**  
**R.S. Bernaldo & Associates**

**R.S. Bernaldo & Associates**  
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Philippines 1226

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www.pkfrsbernaldo.com

## **SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Stockholders

**DA MARKET SECURITIES, INC.**

*(A Wholly-owned Subsidiary of House of David Investment & Management Corporation)*

Unit 1105 PSE Tower, 5<sup>th</sup> Avenue Cor. 28<sup>th</sup> Street

Bonifacio Global City, Taguig City 1634

We have audited the financial statements of **DA MARKET SECURITIES, INC.** for the years ended December 31, 2023 and 2022 on which we have rendered the attached report dated April 6, 2024.

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

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

### **R.S. BERNALDO & ASSOCIATES**

BOA/PRC No. 0300

Valid until May 28, 2024

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period

  
**ANTHONY D. PAÑO**

Partner

CPA Certificate No. 141730

BSP Group C Accredited

Accreditation No. 141730-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-000-2022

Valid from March 30, 2022 until March 29, 2025

Tax Identification No. 415-160-393

PTR No. 10081203

Issued on January 9, 2024 at Makati City

April 6, 2024

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

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**DA MARKET SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>A. SHORT-TERM LIQUIDITY RATIO</b>		
CURRENT RATIO	2.51	1.64
<div> <div>Current Assets</div> <div>Current Liabilities</div> </div>	<div> <div>105,728,357</div> <div>42,168,892</div> </div>	<div> <div>167,212,210</div> <div>101,856,213</div> </div>
WORKING CAPITAL TO ASSETS	0.43	0.31
<div> <div>(Current Assets - Current Liabilities)</div> <div>Total Assets</div> </div>	<div> <div>63,559,465</div> <div>146,888,777</div> </div>	<div> <div>65,355,997</div> <div>207,826,898</div> </div>
<b>B. LONG-TERM SOLVENCY</b>		
ASSET TO EQUITY	1.40	1.97
<div> <div>Total Assets</div> <div>Shareholders' Equity</div> </div>	<div> <div>146,888,777</div> <div>104,661,757</div> </div>	<div> <div>207,826,898</div> <div>105,621,936</div> </div>
DEBT TO EQUITY	0.40	0.64
<div> <div>Total Liabilities</div> <div>Shareholders' Equity</div> </div>	<div> <div>42,227,020</div> <div>104,661,757</div> </div>	<div> <div>102,204,962</div> <div>105,621,936</div> </div>
LONG-TERM DEBT TO EQUITY	0.00	0.00
<div> <div>Long-Term Debt</div> <div>Shareholders' Equity</div> </div>	<div> <div>58,128</div> <div>104,661,757</div> </div>	<div> <div>348,749</div> <div>105,621,936</div> </div>
FIXED ASSETS TO EQUITY	0.12	0.14
<div> <div>(Fixed Assets - Accumulated Depreciation)</div> <div>Shareholders' Equity</div> </div>	<div> <div>13,039,114</div> <div>104,661,757</div> </div>	<div> <div>14,644,278</div> <div>105,621,936</div> </div>

**DA MARKET SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
For the Years Ended December 31, 2023 and 2022

CREDITORS EQUITY TO TOTAL ASSETS	0.29	0.49
<u>Total Liabilities</u>	<u>42,227,020</u>	<u>102,204,962</u>
<u>Total Assets</u>	<u>146,888,777</u>	<u>207,826,898</u>
FIXED ASSETS TO LONG-TERM DEBT	224.32	41.99
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>13,039,114</u>	<u>14,644,278</u>
<u>Long-Term Debt</u>	<u>58,128</u>	<u>348,749</u>
<b>C. RETURN ON INVESTMENTS</b>		
RATE OF RETURN ON TOTAL ASSETS	(0.01)	0.01
<u>Net Income (Loss)</u>	<u>(1,869,269)</u>	<u>1,753,064</u>
<u>Average Total Assets</u>	<u>177,357,838</u>	<u>188,694,802</u>
RATE OF RETURN ON EQUITY	(0.02)	0.02
<u>Net Income (Loss)</u>	<u>(1,869,269)</u>	<u>1,753,064</u>
<u>Average Stockholders' Equity</u>	<u>105,141,847</u>	<u>104,564,476</u>
<b>D. PROFITABILITY RATIOS</b>		
GROSS PROFIT RATIO	0.26	0.64
<u>Gross Income</u>	<u>1,716,844</u>	<u>8,802,997</u>
<u>Commision Income</u>	<u>6,638,117</u>	<u>13,860,540</u>
OPERATING INCOME (LOSS) TO COMMISSION INCOME	(0.41)	0.16
<u>Profit (Loss) from Operations</u>	<u>(2,704,264)</u>	<u>2,285,689</u>
<u>Commission Income</u>	<u>6,638,117</u>	<u>13,860,540</u>

**DA MARKET SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
For the Years Ended December 31, 2023 and 2022

PRETAX INCOME TO COMMISSION INCOME		
(LOSS)	(0.41)	0.16
<u>Pretax Income (Loss)</u>	<u>(2,704,264)</u>	<u>2,285,689</u>
Commission Income	6,638,117	13,860,540
NET INCOME TO COMMISSION INCOME		
	(0.28)	0.13
<u>Net Profit (Loss)</u>	<u>(1,869,269)</u>	<u>1,753,064</u>
Commission Income	6,638,117	13,860,540
<b>E. INTEREST COVERAGE RATIO</b>		
INTEREST COVERAGE RATIO		
	-	-
<u>Net Profit (Loss) Before Interest and Tax</u>	<u>(2,704,264)</u>	<u>2,285,689</u>
Interest Expense	-	-

**DA MARKET SECURITIES, INC.****COMPUTATION OF RISK-BASED CAPITAL****ADEQUACY (RBCA) RATIO UNDER SRC RULE 49.1**

For the Year Ended December 31, 2023

(In Philippine Peso)

Total assets	146,888,777
Less: Total liabilities	42,227,020
Equity as per books	104,661,757
Adjustments	
Add (Deduct):	
Subordinated liability	-
Deferred income tax	(1,502,396)
Equity eligible for net liquid capital	103,159,361
Less: Ineligible assets	
Trading right and intangible asset	616,000
Intercompany receivables	-
Property and equipment, net	13,181,717
All other current assets	1,682,398
Negative exposure (SCCP)	-
Other assets including equity investments in PSE	182,244
Total ineligible assets	15,662,359
Net liquid capital (NLC)	87,497,002
Less: Operational risk requirement	3,044,800
Position risk requirement	1,270,945
Counter party risk requirement	-
Large exposure risk requirement to single issuer and group of companies	-
Total risk capital requirement	4,315,745
Net RBCA margin (NLC - TRCR)	83,181,257
Liabilities	42,227,020
Less: Exclusions from aggregate indebtedness	
Subordinated liability	-
Deferred tax liability	-
Others	58,128
Aggregate indebtedness (AI)	42,168,892
5% of Aggregate indebtedness	2,108,445
Required NLC (5% of AI or P5 million whichever is higher)	5,000,000
Net risk-based capital excess	82,497,002
Ratio of AI to NLC	48%
RBCA Ratio (NLC/TRCR)	2027%

**DA MARKET SECURITIES, INC.****COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS****PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - B)**

December 31, 2023

(In Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts:		
Unadjusted trial balance amount	39,111,846	
Others	175,560	
Credit Balances in the accounts of non-customers such as general partners and principal officers	(4,754,919)	
Debit balances in customers cash accounts excluding unsecured accounts and accounts doubtful of collection:		
Unadjusted trial balance		5,761,013
Debit balance in customer omnibus accounts		5,296
Unsecured balances and accounts doubtful of collection		(18,006)
Reduction for partly secured cash accounts		(12,842)
Reduction by 1%		(57,355)
		5,678,106
Clearing Accounts with net debit balances attributable to customer transactions (Clearing Corporations)		402,291
Total	34,532,487	6,080,397
Net credit balance	28,452,090	
Required reserve (100% of net credit if making a weekly computation or 105% if making a monthly computation)		28,452,090
Special reserve account balance prior to computation		91,708,114
Less: Deposit required		28,452,090
Additional Deposit Required		-

**DA MARKET SECURITIES, INC.**

## INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS

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

December 31, 2023

1.

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

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

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

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

**DA MARKET SECURITIES, INC.**

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

December 31, 2023

(In Philippine Peso)

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

**DA MARKET SECURITIES, INC.**

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

December 31, 2023

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



**DA MARKET SECURITIES, INC.**

RESULTS OF MONTHLY SECURITIES COUNT CONDUCTED PURSUANT TO SRC

RULE 52.1-10, AS AMENDED

December 31, 2023

There is no discrepancy in the results of the securities count conducted. Refer to attached summary.

REPUBLIC OF THE PHILIPPINES)

MAKATI CITY CITY) S.S.

I, **NESTOR S. AGUILA**, President of DA Market Securities, Inc. do solemnly swear that all matters set forth in this summary of securities count for the month ended December 31, 2023 are true and correct to the best of my knowledge and belief.



**NESTOR S. AGUILA**  
(President)

SUBSCRIBED AND SWORN TO BEFORE ME, this **APR 19 2024** day of \_\_\_\_\_ 2024, affiant being personally known to me and/or identified through competent evidence of identity as the person who executed and signed the instrument/document in my presence, and he exhibited to me his Passport No. P7686334B issued at DFA Manila on September 24, 2021 valid until September 23, 2031.


IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above-written.

Doc. No. 87

Page No. 19

Book No. 34

Series of 2024 \_\_\_\_\_



**ATTY. ROMEO M. MONFORT**  
Notary Public City of Makati  
Until December 31, 2025  
Appointment No. M-032(2024-2025)  
PTR No. 10073908 Jan. 2, 2024 Makati City  
BP No. 391330-Jan. 3, 2024 Pasig City / Roll No. 27932  
MCLE NO. VII-0027570 issued April 3, 2023  
101 Urban Ave., Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City

DA MARKET SECURITIES, INC.  
**INVENTORY REPORT BY LOCATION - SUMMARIZED**

As of December 29, 2023

Customer : ABNA (ABNA001) - C541 (YUTI001)

Date Printed 4/26/24

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE
AAA	ASIA AMALGATED HLDGS. CORP.	0	0	0	10,000	10,000	0.0000	0.00
AB	ATOK BIG WEDGE	0	0	0	13,710	13,710	5.3200	72,937.20
ABA	ABACORE CAPITAL HOLDINGS, INC.	0	0	0	928,300	928,300	0.8500	789,055.00
ABG	ASIABEST GROUP INTERNATIONAL INC.	0	0	0	110,000	110,000	3.0100	331,100.00
ABS	ABS-CBN CORPORATION	0	0	0	1,463,789	1,463,789	4.6200	6,762,705.18
ABSP	ABS-CBN HLDGS. PHIL.DEPOSIT RECEIPT	0	0	0	186,000	186,000	4.6000	855,600.00
AC	AYALA CORP.	0	0	0	25,528	25,528	681.0000	17,384,568.00
ACE	ACESITE (PHILS) HOTEL CORP	0	0	0	18,000	18,000	1.7200	30,960.00
ACEN	ACEN CORPORATION	0	0	0	9,318,794	9,318,794	4.3800	40,816,317.72
ACENA	ACEN CORPORATION PREFERRED SHARES	0	0	0	10,000	10,000	1,050.0000	10,500,000.00
ACENB	ACEN CORPORATION PREFERRED SHARES	0	0	0	1,400	1,400	1,080.0000	1,512,000.00
ACPAR	AYALA CORPORATION PREF. "A' SHARES'	0	0	0	1,460	1,460	2,508.0000	3,661,680.00
ACR	ALSON CONSOLIDATED RESOURCES	0	0	0	5,094,000	5,094,000	0.5400	2,750,760.00
AEV	ABOITIZ EQUITY VENTURES, INC.	0	0	0	148,956	148,956	44.6000	6,643,437.60
AGI	ALLIANCE GLOBAL GROUP, INC.	0	0	0	489,000	489,000	11.2800	5,515,920.00
ALCO	ARTHALAND CORPORATION	0	0	0	19,642,149	19,642,149	0.4150	8,151,491.84
ALI	AYALA LAND INC.	0	0	0	176,431	176,431	34.4500	6,078,047.95
ALLDY	ALLDAY MARTS, INC.	0	0	0	25,707,000	25,707,000	0.1570	4,035,999.00
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	0	0	0	105,000	105,000	1.7700	185,850.00
ALTER	ALTERNERGY HOLDINGS CORPORATION	0	0	0	600,000	600,000	0.7700	462,000.00
ANI	AGRINURTURE, INC.	0	0	0	925,300	925,300	0.7500	693,975.00
ANS	A. SORIANO CORPORATION	100	0	0	1,646	1,746	11.6600	20,358.36
AP	ABOITIZ POWER CORPORATION	0	0	0	2,476,000	2,476,000	37.8000	93,592,800.00
APB2R	AYALA CORP. PREF "B"	0	0	0	31,000	31,000	485.2000	15,041,200.00
APC	ASIAN PETROLEUM CORP.	0	0	0	10,484,000	10,484,000	0.2350	2,463,740.00
APL	APOLLO GLOBAL CAPITAL, INC.	0	0	0	343,048,200	343,048,200	0.0130	4,459,626.60
APO	ANGLO-PHIL. OIL	0	0	0	31,166	31,166	0.4500	14,024.70
APVI	ALTUS PROPERTY VENTURES, INC.	0	0	0	20,234	20,234	9.2900	187,973.86
APX	APEX MINING CO., INC.	0	0	0	12,524,750	12,524,750	3.0000	37,574,250.00
AR	ABRA MNG. & IND'L. CORP.	0	0	0	2,021,000,000	2,021,000,000	0.0046	9,296,600.00
ARA	ARANETA PROPERTIES, INC.	540	0	0	149,980	150,520	0.9800	147,509.60
AREIT	AREIT, INC.	0	0	0	184,100	184,100	33.4000	6,148,940.00
ASLAG	RASLAG CORP.	0	0	0	472,000	472,000	1.2900	608,880.00
AT	ATLAS CONS. MINING & DEV. CORP.	0	0	0	3,149,094	3,149,094	3.5300	11,116,301.82
ATI	ASIAN TERMINALS, INC.	0	0	0	18,000	18,000	15.0000	270,000.00
ATN	ATN HOLDINGS	0	0	0	900,000	900,000	0.3800	342,000.00
ATNB	ATN HOLDINGS-B	0	0	0	200,000	200,000	0.3800	76,000.00
AUB	ASIA UNITED BANK CORPORATION	0	0	0	22,750	22,750	32.7000	743,925.00
AXLM	AXELUM RESOURCES CORP.	0	0	0	50,000	50,000	2.4000	120,000.00
BALAI	BALAI NI FRUITAS INC.	0	0	0	20,000	20,000	0.3900	7,800.00

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BC	BENGUET CORP.	0	0	0	85,695	85,695	4.8700	417,334.65
BCB	BENGUET CORP. - B	0	0	0	2,434,800	2,434,800	4.9000	11,930,520.00
BCP	BENGUET PREFERRED	0	0	0	600	600	24.5500	14,730.00
BDO	BANCO DE ORO UNIBANK, INC.	0	0	0	110,204	110,204	130.5000	14,381,622.00
BEL	BELLE RESOURCES	0	0	0	1,090,776	1,090,776	1.1700	1,276,207.92
BH	BHI HOLDINGS, INC.	0	0	0	1,290	1,290	680.0000	877,200.00
BHI	BOULEVARD HOLDINGS, INC.	0	0	0	158,080,000	158,080,000	0.0610	9,642,880.00
BKR	BRIGHT KINDLE RESOURCES & INVEST	0	0	0	1,601,000	1,601,000	1.4000	2,241,400.00
BLOOM	BLOOMBERRY RESORTS CORPORATION	0	0	0	3,278,800	3,278,800	9.8400	32,263,392.00
BMM	BOGO MEDELLIN MILLING CO.	0	0	0	62,860	62,860	52.0000	3,268,720.00
BNCOM	BANK OF COMMERCE	0	0	0	265,000	265,000	7.2700	1,926,550.00
BPI	BANK OF PHIL. ISLANDS	0	0	0	6,413	6,413	103.8000	665,669.40
BRN	A. BROWN CO., INC.	750	0	0	29,602	30,352	0.6500	19,728.80
BSC	BASIC ENERGY CORPORATION	0	0	0	8,441,610	8,441,610	0.1770	1,494,164.97
C	CHELSEA LOGISTICS HLDG CORP.	0	0	0	1,138,400	1,138,400	1.5000	1,707,600.00
CA	CONCRETE AGGREGATES CORP. "A"	0	0	0	800	800	39.0500	31,240.00
CDC	CITYLAND DEV. CORP.	0	0	0	1,864	1,864	0.6900	1,286.16
CEB	CEBU AIR, INC.	0	0	0	402,080	402,080	32.5000	13,067,600.00
CEBCP	CEBU AIR INC. CONVERTIBLE PREFERRED	0	0	0	18,190	18,190	32.4500	590,265.50
CHI	CEBU HOLDINGS, INC.	0	0	0	83,062	83,062	6.1200	508,339.44
CHIB	CHINA BANKING CORPORATION	0	0	0	499,738	499,738	30.8500	15,416,917.30
CHP	CEMEX HOLDINGS PHILIPPINES, INC.	0	0	0	17,351,190	17,351,190	0.9400	16,310,118.60
CIP	CHEMICAL INDUSTRIES OF THE PHILS	0	0	0	13,370	13,370	120.0000	1,604,400.00
CLI	CEBU LANDMASTERS, INC.	0	0	0	836,572	836,572	2.4700	2,066,332.84
CNVRC	CONVERGE INFORMATION AND COMM. TE	0	0	0	6,055,700	6,055,700	8.3800	50,746,766.00
COAL	COAL ASIA HOLDINGS INCORPORATED	0	0	0	1,120,000	1,120,000	0.1110	124,320.00
COSCO	COSCO CAPITAL, INC.	0	0	0	2,042,070	2,042,070	4.6200	9,434,363.40
CPG	CENTURY PROPERTY GROUP	0	0	0	8,361,419	8,361,419	0.2800	2,341,197.32
CPM	CENTURY PEAK HOLDINGS CORP.	0	0	0	362,000	362,000	3.4800	1,259,760.00
CREIT	CITICORE ENERGY REIT CORP.	0	0	0	1,271,000	1,271,000	2.5600	3,253,760.00
CROWI	CROWN ASIA CHEMICALS CORPORATION	0	0	0	43,000	43,000	1.5600	67,080.00
CTS	CTS GLOBAL EQUITY GROUP, INC.	0	0	0	1,136,000	1,136,000	0.7500	852,000.00
CYBR	CYBER BAY CORPORATION	0	0	0	6,424,900	6,424,900	0.3300	2,120,217.00
DD	DOUBLE DRAGON CORPORATION	0	0	0	16,070,812	16,070,812	7.6000	122,138,171.20
DDMPF	DDMP REIT, INC.	0	0	0	5,489,000	5,489,000	1.2100	6,641,690.00
DDPR	DOUBLEDAGON PROP. CORP. PREFERRED	0	0	0	22,000	22,000	93.0000	2,046,000.00
DELM	DEL MONTE PACIFIC LIMITED	0	0	0	1,492	1,492	6.4900	9,683.08
DFNN	DFNN INC.	0	0	0	700,900	700,900	3.0900	2,165,781.00
DHI	DOMINION HOLDINGS, INC.	0	0	0	83,950	83,950	0.0000	0.00
DITO	DITO CME HOLDINGS CORP.	1,122	0	0	1,158,100	1,159,222	2.3500	2,724,171.70
DIZ	DIZON COPPER-SILVER MINES	0	0	0	126,063	126,063	2.2300	281,120.49
DMC	DMCI HOLDINGS INC.	0	0	0	1,532,600	1,532,600	9.7700	14,973,502.00

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DNA	PHILAB HOLDINGS CORP.	0	0	0	41,400	41,400	2.8600	118,404.00
DNL	D & L INDUSTRIES, INC.	0	0	0	219,400	219,400	6.3100	1,384,414.00
DWC	DISCOVERY WORLD CORPORATION	0	0	0	175,000	175,000	1.4100	246,750.00
ECP	EASYPASS COMMUNICATIONS, INC.	0	0	0	3,510	3,510	2.2600	7,932.60
ECVC	EAST COAST VULCAN CORPORATION	0	0	0	262,000	262,000	0.6000	157,200.00
EEI	ENGINEERING EQUIPMENT INC.	0	0	0	336,106	336,106	5.9700	2,006,552.82
EG	IP E-GAME VENTURES, INC.	0	0	0	40,000,000	40,000,000	0.0094	376,000.00
EIBA	EXPORT AND INDUSTRY BANK	0	0	0	4,340,957	4,340,957	0.0000	0.00
EIBB	EXPORT AND INDUSTRY BANK "B"	0	0	0	1,000,000	1,000,000	0.0000	0.00
ELI	EMPIRE EAST LAND HOLDINGS, INC.	0	0	0	11,016,027	11,016,027	0.1260	1,388,019.40
EMI	EMPERADOR INC.	0	0	0	11,000	11,000	20.8500	229,350.00
ENEX	ENEX ENERGY CORP.	0	0	0	2,154,684	2,154,684	4.9000	10,557,951.60
EURO	EURO-MED LAB. PHIL., INC.	0	0	0	44,103	44,103	0.7100	31,313.13
EVER	EVER-GOTESCO RES. & HLDG., INC.	0	0	0	5,360,000	5,360,000	0.2900	1,554,400.00
EW	EAST WEST BANKING CORPORATION	0	0	0	97,171	97,171	8.5200	827,896.92
FB	SAN MIGUEL FOOD AND BEVERAGE, INC.	0	0	0	22,900	22,900	51.0000	1,167,900.00
FCG	FIGARO COFFEE GROUP, INC.	0	0	0	1,030,000	1,030,000	0.6000	618,000.00
FDC	FILINVEST DEV. CORP.	0	0	0	10,739	10,739	5.3500	57,453.65
FERRO	FERRONOUX HOLDINGS, INC.	0	0	0	208,000	208,000	2.9000	603,200.00
FFI	FILIPINO FUND, INC.	0	0	0	315	315	3.6000	1,134.00
FGEN	FIRST GEN CORPORATION	0	0	0	160,800	160,800	17.4000	2,797,920.00
FILRT	FILINVEST REIT CORP.	0	0	0	466,900	466,900	2.5800	1,204,602.00
FJP	F AND J PRINCE CORP.	0	0	0	498,400	498,400	1.6500	822,360.00
FJPB	F AND J PRINCE CORP. - B	0	0	0	39,200	39,200	1.3500	52,920.00
FLI	FIL-INVEST LAND, INC.	0	0	0	2,571,570	2,571,570	0.5900	1,517,226.30
FMETF	FIRST METRO PHIL EQUITY EXC. TRADE	0	0	0	3,500	3,500	102.7000	359,450.00
FNI	GLOBAL FERRONIKEL HOLDINGS, INC.	0	0	0	350,633	350,633	2.0600	722,303.98
FOOD	ALLIANCE SELECT FOODS INT'L., INC.	0	0	0	1,604,736	1,604,736	0.4600	738,178.56
FPH	FIRST PHIL. HOLDINGS CORP.	0	0	0	31,134	31,134	62.5000	1,945,875.00
FPI	FORUM PACIFIC, INC.	0	0	0	1,437,250	1,437,250	0.2000	287,450.00
FRUIT	FRUITAS HOLDINGS, INC.	0	0	0	578,000	578,000	0.9600	554,880.00
GEO	GEOGRACE RESOURCES PHILS., INC.	0	0	0	23,645,000	23,645,000	0.0270	638,415.00
GERI	GLOBAL ESTATE RESORTS INC.	0	0	0	600,348	600,348	0.9500	570,330.60
GLO	GLOBE TELECOM, INC.	0	0	0	16,483	16,483	1,720.0000	28,350,760.00
GMA7	GMA NETWORK, INC.	0	0	0	65,700	65,700	8.4000	551,880.00
GMAP	GMA HOLDINGS, INC. - PDR	0	0	0	110,200	110,200	8.3000	914,660.00
GPH	GRAND PLAZA HOTEL CORP	0	0	0	72,600	72,600	6.8400	496,584.00
GREEN	GREENERGY HOLDINGS INC.	0	0	0	12,909,854	12,909,854	0.2290	2,956,356.57
GTCAP	GT CAPITAL HOLDINGS, INC.	0	0	0	13,623	13,623	590.0000	8,037,570.00
HOME	ALLHOME CORP.	0	0	0	1,387,000	1,387,000	1.1200	1,553,440.00
HTI	HAUS TALK, INC.	0	0	0	2,567,000	2,567,000	0.9500	2,438,650.00
HVN	GOLDEN MV HOLDINGS, INC.	0	0	0	2,000	2,000	844.5000	1,689,000.00

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I	I-REMIT, INC.	0	0	0	11,881	11,881	0.3850	4,574.19
ICT	INTL CONT TERMINAL SERV INC	0	0	0	351,568	351,568	246.8000	86,766,982.40
IDC	ITALPINAS DEVELOPMENT CORPORATION	0	0	0	17,815	17,815	0.6900	12,292.35
IMI	INTEGRATED MICRO-ELECTRONICS, INC.	0	0	0	398,346	398,346	3.1600	1,258,773.36
IMP	IMPERIAL RES., INC.	0	0	0	83,610	83,610	0.5200	43,477.20
INFRA	PHILIPPINE INFRADEV HOLDINGS, INC.	0	0	0	1,327,000	1,327,000	0.5500	729,850.00
ION	IONICS, INC.	0	0	0	335,000	335,000	1.0100	338,350.00
IPM	IPM HOLDINGS INC.	0	0	0	46,200	46,200	3.3800	156,156.00
IPO	IPEOPLE, INC.	0	0	0	68,363	68,363	7.3500	502,468.05
IS	ISLAND INFORMATION & TECHNOLOGY, INC.	0	0	0	3,610,000	3,610,000	0.1440	519,840.00
JAS	JACKSTONES, INC.	0	0	0	46,000	46,000	0.8100	37,260.00
JFC	JOLLIBEE FOODS CORP.	0	0	0	167,527	167,527	251.4000	42,116,287.80
JFCPB	JOLLIBEE FOODS CORP. SERIES B PREF.	0	0	0	5,330	5,330	942.0000	5,020,860.00
JGS	JG SUMMIT HOLDINGS, INC.	0	0	0	19,952	19,952	38.1500	761,168.80
JOH	JOLLIVILLE HOLDINGS CORPORATION	0	0	0	17,500	17,500	8.9600	156,800.00
KEEPR	THE KEEPERS HOLDINGS, INC.	0	0	0	3,771,092	3,771,092	1.4800	5,581,216.16
KEP	KEPPEL PHIL. PROPERTIES, INC.	0	0	0	1,094	1,094	4.9100	5,371.54
KPH	KEPPEL PHIL HOLDINGS, INC.	0	0	0	183	183	5.0000	915.00
KPHB	KEPPEL PHIL HOLDINGS, INC-B	0	0	0	316	316	5.5100	1,741.16
LAND	CITY & LAND DEVELOPERS	0	0	0	18,742	18,742	0.7600	14,243.92
LBC	LBC EXPRESS HOLDINGS, INC. ("LBC")	0	0	0	5,000	5,000	18.2400	91,200.00
LC	LEPANTO CONS. MNG.	0	0	0	91,856,043	91,856,043	0.0800	7,348,483.44
LCB	LEPANTO CONS. MNG- B	0	0	0	79,550,000	79,550,000	0.0780	6,204,900.00
LFM	LIBERTY FLOUR MILLS, INC.	0	0	0	2,000	2,000	12.1000	24,200.00
LIB	LIBERTY TELECOMMUNICATIONS	2,293,000	0	0	0	2,293,000	0.0000	0.00
LMG	LMG CHEMICALS CORP	0	0	0	20,000	20,000	3.3400	66,800.00
LODE	LODESTAR INVESTMENT HOLDINGS CORP.	0	0	0	40,000	40,000	0.4650	18,600.00
LOTO	PACIFIC ONLINE SYSTEMS CORPORATION	0	0	0	570,000	570,000	4.9500	2,821,500.00
LPZ	LOPEZ HOLDINGS CORPORATION	600	0	0	107,320	107,920	4.2600	459,739.20
LRC	LANDOIL RESOURCES CORP.	1,400,000	0	0	0	1,400,000	0.0000	0.00
LRCB	LANDOIL RESOURCES CORP. - B	11,000,000	0	0	0	11,000,000	0.0000	0.00
LSC	LORENZO SHIPPING CORPORATION	0	0	0	21,000	21,000	0.5500	11,550.00
LTG	LT GROUP, INC.	0	0	0	378,100	378,100	8.9800	3,395,338.00
MA	MANILA MINING CORP.	0	0	0	172,293,351	172,293,351	0.0046	792,549.41
MAB	MANILA MINING CORP. - B	0	0	0	87,550,524	87,550,524	0.0043	376,467.25
MAC	MACROASIA CORPORATION	0	0	0	145,000	145,000	4.1500	601,750.00
MACA'	MACAY HOLDINGS, INC.	0	0	0	2,000	2,000	5.7000	11,400.00
MAH	METRO ALLIANCE HLDGS & EQUITIES COR	0	0	0	500	500	0.4550	227.50
MAHB	METRO ALLIANCE HLDGS "B"	0	0	0	35,000	35,000	0.5100	17,850.00
MARC	MARCVENTURES HOLDINGS, INC.	0	0	0	4,339,300	4,339,300	1.0800	4,686,444.00
MAXS	MAX'S GROUP, INC.	0	0	0	913,000	913,000	3.2700	2,985,510.00
MB	MANILA BULLETIN PUBLISHING	721	0	0	208,299	209,020	0.2310	48,283.62



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MBT	METRO BANK & TRUST CO.	0	0	0	712,182	712,182	51.3000	36,534,936.60
MC	MARSTEEL CONS. INC. "A"	0	0	0	590,000	590,000	0.0000	0.00
MED	MEDCO HOLDINGS	0	0	0	2,000,000	2,000,000	0.0860	172,000.00
MEDIC	MEDILINES DISTRIBUTORS INCORPORATEI	0	0	0	1,634,000	1,634,000	0.3300	539,220.00
MEG	MEGAWORLD CORPORATION	0	0	0	13,198,900	13,198,900	1.9700	26,001,833.00
MER	MANILA ELECTRIC CO.	101	0	0	42,419	42,520	399.0000	16,965,480.00
MFC	MANULIFE FINANCIAL CORP.	0	0	0	100	100	1,130.0000	113,000.00
MFIN	MAKATI FINANCE CORPORATION	0	0	0	163,459	163,459	1.9000	310,572.10
MG	MILLENIUM GLOBAL HOLDINGS, INC.	0	0	0	26,516,000	26,516,000	0.1010	2,678,116.00
MGH	METRO GLOBAL HOLDINGS CORPORATION	0	0	0	115,300	115,300	0.0000	0.00
MHC	MABUHAY HOLDINGS CORP.	0	0	0	1,050,000	1,050,000	0.1120	117,600.00
MJC	MANILA JOCKEY CLUB, INC.	0	0	0	153,000	153,000	1.2700	194,310.00
MJIC	MJC INVESTMENTS CORPORATION	0	0	0	2,800	2,800	1.0000	2,800.00
MM	MERRYMART CONSUMER CORP.	0	0	0	6,463,800	6,463,800	1.0300	6,657,714.00
MONDI	MONDE NISSIN CORPORATION	0	0	0	2,695,700	2,695,700	8.3800	22,589,966.00
MRC	MRC ALLIED, INC.	0	0	0	1,462,700	1,462,700	1.3000	1,901,510.00
MREIT	MREIT, INC.	0	0	0	493,700	493,700	12.3000	6,072,510.00
MRSGL	METRO RETAIL STORES GROUP, INC.	0	0	0	388,000	388,000	1.2700	492,760.00
MVC	MABUHAY VINYL CORPORATION	0	0	0	112,000	112,000	5.8600	656,320.00
MWC	MANILA WATER CO., INC.	0	0	0	2,982,100	2,982,100	18.6000	55,467,060.00
MWIDE	MEGAWIDE CONSTRUCTION CORP.	0	0	0	3,118,564	3,118,564	3.0800	9,605,177.12
MWP4	MEGAWIDE CONS. CORP. SERIES 4. PREF	0	0	0	48,000	48,000	88.1500	4,231,200.00
MWP5	MEGAWIDE CONS. CORP. SERIES 5. PREF	0	0	0	23,500	23,500	101.3000	2,380,550.00
NI	NIHAO MINERAL RESOURCES INTL., INC	0	0	0	910,000	910,000	0.5500	500,500.00
NIKL	NICKEL ASIA CORPORATION	0	0	0	1,335,641	1,335,641	5.4800	7,319,312.68
NOW	NOW CORPORATION	0	0	0	2,395,210	2,395,210	1.1500	2,754,491.50
NRCP	NATIONAL REINSURANCE CORP OF THE PH	0	0	0	231,000	231,000	0.3600	83,160.00
NXGEN	NEXTGENESIS CORPORATION	0	0	0	230,950	230,950	0.0000	0.00
OM	OMICO MNG.	0	0	0	531,333	531,333	0.2750	146,116.58
OPM	ORIENTAL PETROLEUM	0	0	0	66,244,897	66,244,897	0.0080	529,959.18
OPMB	ORIENTAL PETROLEUM - B	0	0	0	59,887,746	59,887,746	0.0081	485,090.74
ORE	ORIENTAL PENINSULA RES. GROUP, INC.	0	0	0	3,438,000	3,438,000	0.6300	2,165,940.00
OV	PHIL. OVERSEAS	0	0	0	80,726,771	80,726,771	0.0081	653,886.85
PA	PACIFICA HOLDINGS, INC.	0	0	0	240,900	240,900	1.3800	332,442.00
PAL	PAL HOLDINGS, INC.	0	0	0	24,315	24,315	5.0700	123,277.05
PAX	PAXYS, INC.	0	0	0	79,000	79,000	1.0300	81,370.00
PBB	PHILIPPINE BUSINESS BANK	0	0	0	163,864	163,864	8.7000	1,425,616.80
PCOR	PETRON CORP.	3,663	0	0	6,617,477	6,621,140	3.5500	23,505,047.00
PECB	PNOC EXPLORATION CORP. - B	0	0	0	3,000	3,000	0.0000	0.00
PERC	PETROENERGY RESOURCES CORP.	0	0	0	421,875	421,875	4.9500	2,088,281.25
PGOLD	PUREGOLD PRICE CLUB, INC	0	0	0	149,000	149,000	26.9000	4,008,100.00
PHA	PREMIERE HORIZON ALLIANCE CORP	0	0	0	31,436,000	31,436,000	0.1620	5,092,632.00

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PHES	PHIL. ESTATES CORP.	0	0	0	2,600,000	2,600,000	0.3150	819,000.00
PHN	PHINMA CORPORATION	0	0	0	205	205	20.4000	4,182.00
PHR	PH RESORTS GROUP HOLDINGS , INC.	0	0	0	4,507,000	4,507,000	0.8700	3,921,090.00
PIZZA	SHAKEY'S PIZZA ASIA VENTURES, INC.	0	0	0	17,000	17,000	9.8000	166,600.00
PLC	PREMIUM LEISURE CORP.	0	0	0	23,869,000	23,869,000	0.6300	15,037,470.00
PLUS	DIGIPLUS INTERACTIVE CORP.	0	0	0	5,451,730	5,451,730	8.0000	43,613,840.00
PMPC	PANASONIC MANUFACTURING PHILS.CORI	0	0	0	17,900	17,900	5.8000	103,820.00
PNB	PHIL. NATIONAL BANK	100	0	0	665,465	665,565	18.5000	12,312,952.50
PNC	PHIL. NATIONAL CONSTRUCTION	0	0	0	3,000	3,000	0.0000	0.00
PNX	P-H-O-E-N-I-X PETROLEUM PHILS., INC	0	0	0	360	360	4.9000	1,764.00
PNX4	PHOENIX PETROLEUM PHIL. INC 4 PREF.	0	0	0	2,440	2,440	232.8000	568,032.00
PREIT	PREMIERE ISLAND POWER REIT CORP.	0	0	0	30,000	30,000	1.5400	46,200.00
PRF3A	PETRON CORP. PERPETUAL PREF. S"3" A	0	0	0	23,050	23,050	970.0000	22,358,500.00
PRF4A	PETRON CORP. SERIES 4A PREF. SHS.	0	0	0	8,500	8,500	885.0000	7,522,500.00
PRF4B	PETRON CORP. SERIES 4B PREF. SHS.	0	0	0	4,500	4,500	950.0000	4,275,000.00
PRF4C	PETRON CORP. SERIES 4C PREF. SHS.	0	0	0	200	200	973.0000	194,600.00
PRIM	PRIME MEDIA HOLDINGS, INC.	1	0	0	400	401	2.8700	1,150.87
PRMX	PRIMEX CORPORATION	0	0	0	1,000	1,000	2.4500	2,450.00
PSB	PHIL. SAVINGS BANK	0	0	0	9,679	9,679	53.0000	512,987.00
PSE	THE PHILIPPINE STOCK EXCHANGE, INC.	0	0	0	10,720	10,720	170.0000	1,822,400.00
PTT	PHIL. TELEGRAPH & TEL. CORP.	0	0	0	845,167	845,167	0.0000	0.00
PX	PHILEX MNG. CORP. "A"	186	0	0	19,767,568	19,767,754	3.2100	63,454,490.34
PXP	PXP ENERGY CORPORATION	0	0	0	768,821	768,821	3.9500	3,036,842.95
RCB	RIZAL COMMERCIAL BANKING CORP.	0	0	0	457,407	457,407	23.0000	10,520,361.00
RCI	ROXAS AND COMPANY, INC.	0	0	0	897	897	0.4800	430.56
RCR	RL COMMERCIAL REIT, INC.	0	0	0	958,200	958,200	4.8900	4,685,598.00
RFM	RFM CORPORATION	0	0	0	1,666	1,666	3.0000	4,998.00
RLC	ROBINSONS LAND CORP.	0	0	0	333,787	333,787	15.9400	5,320,564.78
RLT	PHIL. REALTY & HOLDINGS CORP.	0	0	0	2,204,981	2,204,981	0.1320	291,057.49
ROCK	ROCKWELL LAND CORPORATION	0	0	0	274,872	274,872	1.4100	387,569.52
ROX	ROXAS HOLDINGS, INC.	0	0	0	246,690	246,690	0.7700	189,951.30
RRHI	ROBINSONS RETAIL HOLDINGS, INC.	0	0	0	28,820	28,820	39.6500	1,142,713.00
SBS	SBS PHILIPPINES CORPORATION	0	0	0	20,833	20,833	4.8500	101,040.05
SCC	SEMIRARA MINING CORPORATION	0	0	0	686,900	686,900	30.2500	20,778,725.00
SECB	SECURITY BANK CORP.	0	0	0	346,506	346,506	71.5000	24,775,179.00
SEVN	PHILIPPINE SEVEN CORP.	0	0	0	1,000	1,000	76.2000	76,200.00
SFI	SWIFT FOODS, INC.	0	0	0	3,832,087	3,832,087	0.0540	206,932.70
SFIP	SWIFT FOODS, INC. CONV. PREF.	0	0	0	2,131	2,131	1.2800	2,727.68
SGI	SOLID GROUP, INC.	0	0	0	115,000	115,000	0.8900	102,350.00
SGP	SYNERGY GRID & DEVELOPMENT PHILS.,	0	0	0	781,600	781,600	6.5500	5,119,480.00
SHLPH	SHELL PILIPINAS CORPORATION	0	0	0	214,391	214,391	10.9400	2,345,437.54
SHNG	SHANG PROPERTIES, INC	123	0	0	80,411	80,534	3.6700	295,559.78



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SLF	SUN LIFE FINANCIAL, INC.	0	0	0	8	8	2,720.0000	21,760.00
SM	SM INVESTMENTS CORPORATION	0	0	0	21,868	21,868	872.0000	19,068,896.00
SMC	SAN MIGUEL CORP.	6	0	0	43,835	43,841	102.1000	4,476,166.10
SMC2F	SAN MIGUEL CORP. SERIES 2 PREF. F	0	0	0	5,000	5,000	72.5000	362,500.00
SMC2I	SAN MIGUEL CORP. SERIES 2 PREF. I	0	0	0	64,000	64,000	70.5000	4,512,000.00
SMC2J	SAN MIGUEL CORP. SERIES 2 PREF. J	0	0	0	170,500	170,500	67.9500	11,585,475.00
SMC2L	SAN MIGUEL CORP. SERIES 2 PREF. L	0	0	0	216,000	216,000	77.0000	16,632,000.00
SMC2N	SAN MIGUEL CORP. SERIES 2 PREF. N	0	0	0	6,300	6,300	77.0000	485,100.00
SMC2O	SAN MIGUEL CORP. SERIES 2 PREF. O	0	0	0	1,300	1,300	78.0000	101,400.00
SMDC	SM DEV. CORP. A	28	0	0	0	28	6.8100	190.68
SMPH	SM PRIME HOLDINGS, INC.	0	0	0	358,391	358,391	32.9000	11,791,063.90
SOC	SOUTH CHINA PET. & EXPL.	0	0	0	300,000	300,000	0.3600	108,000.00
SPC	SPC POWER CORPORATION	0	0	0	120,000	120,000	7.0000	840,000.00
SPM	SEAFRONT PET. "A"	112	0	0	147,778	147,890	1.4100	208,524.90
SPNEC	SP NEW ENERGY CORPORATION	0	0	0	12,853,938	12,853,938	1.3200	16,967,198.16
SSI	SSI GROUP, INC.	0	0	0	293,000	293,000	2.2700	665,110.00
STI	STI EDUCATION SYSTEMS HOLDINGS, INC	0	0	0	12,400,000	12,400,000	0.4850	6,014,000.00
STN	STENIEL MANUFACTURING CORP.	0	0	0	576,077	576,077	0.0000	0.00
STR	VISTAMALLS, INC.	0	0	0	2,300	2,300	2.4100	5,543.00
SUN	SUNTRUST RESORT HOLDINGS, INC.	0	0	0	1,088,900	1,088,900	0.8500	925,565.00
T	TKC METALS CORPORATION	0	0	0	3,797,000	3,797,000	0.4150	1,575,755.00
TBGI	TRANSPACIFIC BROADBAND GROUP INC.	0	0	0	231,000	231,000	0.1360	31,416.00
TCB2C	CIRTEK HLDGS PHIL. CORP S- PREF 2 C	0	0	0	23,100	23,100	34.7000	801,570.00
TCB2D	CIRTEK HLDGS PHIL. CORP S- PREF 2 D	0	0	0	29,900	29,900	48.0500	1,436,695.00
TECH	CIRTEK HOLDINGS PHILIPINES CORP.	0	0	0	5,879,814	5,879,814	1.5900	9,348,904.26
TECHW	CIRTEK HLDGS. PHIL. CORP. WARRANTS	0	0	0	6,380	6,380	0.2650	1,690.70
TEL	PLDT INC.	0	0	0	17,234	17,234	1,279.0000	22,042,286.00
TELG	PLDT (10% PREF) SERIES G	120	0	0	0	120	0.0000	0.00
TFC	PHIL. TOBACO-CURING & REDRYING CORP	0	0	0	8,090	8,090	49.0000	396,410.00
TFHI	TOP FRONTIER INVESTMENT HLDG, INC.	0	0	0	3,138	3,138	101.9000	319,762.20
TUGS	HARBOR STAR SHIPPING SERVICES, INC.	0	0	0	599,000	599,000	0.7600	455,240.00
UBP	UNION BANK OF THE PHILS.	4	0	0	192,180	192,184	50.3500	9,676,464.40
UPM	UNITED PARAGON MINING CORP.	0	0	0	28,420,250	28,420,250	0.0040	113,681.00
URC	UNIVERSAL ROBINA CORP.	0	0	0	408,460	408,460	118.2000	48,279,972.00
V	VANTAGE EQUITIES, INC.	0	0	0	233,124	233,124	0.7700	179,505.48
VITA	VITARICH CORP.	0	0	0	1,503,700	1,503,700	0.5200	781,924.00
VLL	VISTA LAND & LIFESCAPES, INC.	0	0	0	2,105,285	2,105,285	1.6800	3,536,878.80
VMC	VICTORIAS MILLING CO., INC.	0	0	0	791	791	3.0100	2,380.91
VREIT	VISTAREIT, INC.	0	0	0	60,000	60,000	1.6700	100,200.00
VVT	VIVANT CORPORATION	0	0	0	3,188	3,188	14.3000	45,588.40
WEB	PHILWEB CORPORATION	0	0	0	1,979,800	1,979,800	1.7300	3,425,054.00
WIN	WELLEX INDUSTRIES, INC.	0	0	0	4,822,600	4,822,600	0.2300	1,109,198.00

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WLCOM	WILCON DEPOT, INC.	0	0	0	89,700	89,700	20.9000	1,874,730.00
WPI	WATERFRONT PHILS. INC.	0	0	0	222,200	222,200	0.3750	83,325.00
X	XURPAS INC.	0	0	0	3,646,200	3,646,200	0.1910	696,424.20
ZHI	ZEUS HOLDINGS, INC.	0	0	0	26,180,000	26,180,000	0.0710	1,858,780.00
		<u>14,701,277</u>			<u>3,768,748,274</u>	<u>3,783,449,551</u>		<u>1,610,943,175.28</u>
	Number of Shares in Vault	14,701,277						
	Number of Shares in Clearing House	0						
	Number of Shares in Transfer Office	0						
	Number of Shares in PCD	<u>3,768,748,274</u>						
	Total Number of Shares	3,783,449,551						