SECURITIES AND EXCHANGE COMMISSION
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Industry Classification: J66110
Company Type: Stock Corporation

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MAKATI FINANCE CORPORATION
MORE THAN JUST FINANCING

August 14, 2025

via electronic mail
ictdsubmission@sec.gov.ph

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City, 1209

Attention: **Mr. Oliver O. Leonardo**
Director, Markets and Securities Regulation Dept.

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
5th Avenue cor. 28TH Street, Bonifacio Global City, Taguig City 1634

Attention: **Atty. Johanne Daniel M. Negre**
OIC, Disclosure Department

Gentlemen:

We are sending herewith the Quarterly Report for the period ended June 30, 2025 (SEC Form 17-Q) of Makati Finance Corporation.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

MAKATI FINANCE CORPORATION
Registrant

By:

[redacted]

CHARITO S. ESPIRITU
Chief Finance Officer/CIO

COVER SHEET

2 8 7 8 8

S.E.C. Registration Number

M A K A T I F I N A N C E C O R P O R A T I O N

(Company's Full Name)

3 RD FLOOR MAZDA MAKATI

BUILDING 2301 CHINO ROCES

BARANGAY MAGALLANES

AVENUE MAKATI CITY 1231

(Business Address : No. Street/City/Province)

CHARITO S. ESPIRITU	(02) 7751-8132
Contact Person	Company Telephone Number

12	31	SEC Form 17-Q 2nd Qtr.2025	07	
Month	*Day*	FORM TYPE	*Month*	*Day*

Fiscal Year

2025

Financing

Secondary License Type, If Applicable

Annual Meeting

Every last Thursday of July

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

113

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2025**

2. Commission identification number **28788**

3. BIR Tax Identification No. **000-473-966**

MAKATI FINANCE CORPORATION
4. Exact name of issuer as specified in its charter

MAKATI CITY, PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Co   (SEC Use Only)

3F Mazda Makati, 2301 Chino Roces Avenue, Brgy. Magallanes, Makati City **1231**
7. Address of issuer's principal office Postal Code

(0632) 7751-8132
8. Issuer's telephone number, including area code

7823 MAKATI AVENUE, POBLACION, MAKATI CITY 1210
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
Title of each Class Number of shares of common stock outstanding and amount of debt outstanding

COMMON STOCK	**273,900,122***

**as reported by the stock transfer agent as of June 30, 2025*

11. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No [ ]

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

_PHILIPPINE STOCK EXCHANGE__ ______Common Stock______

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No [ ]

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements. (See Annex A)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Variable and Other Qualitative and Quantitative Indicators

Financial Ratios (For the Quarter Ending March)

	2025	*2024*
NET INTEREST INCOME RATIO	80.63%	77.85%
EBIT MARGIN	34.40%	29.90%
RETURN ON ASSETS (ANNUALIZED)	1.84%	0.75%
DEBT TO EQUITY	89%	105%
RETURN ON EQUITY (ANNUALIZED)	3.62%	1.53%

Comparative Period: Q2 2025 vs. Q2 2024

For the quarter ended June 30, 2025, the Company recorded solid financial improvements compared to the prior year period, driven by stronger operational performance, improved liquidity, and a more balanced capital structure.

Liquidity improved as evidenced by an 18.7% increase in current assets from ₱716.1 million in 2024 to ₱850.2 million in 2025. This growth was primarily driven by a significant increase in loans and other receivables, indicating higher earning assets available for deployment. Meanwhile, cash and cash equivalents decreased due to strategic deployment of funds into earning assets. Current liabilities declined by 10.2% to ₱519.5 million, reflecting better management of short-term obligations. The Company's improved liquidity position provides greater flexibility to meet operational needs and short-term debt obligations without undue stress.

Capital structure showed marked improvement with total liabilities reducing by 11.7% to ₱531.2 million from ₱601.7 million in 2024, largely due to repayments of notes payable and lease liabilities. Equity increased by 3.8% to ₱597.4 million, bolstered by current period net income and an appropriation of ₱80 million to retained earnings for future strategic initiatives. The resulting debt-to-equity ratio improved to 0.89x from 1.05x, signaling reduced financial risk and a stronger equity base to support growth.

Operational performance strengthened considerably. Net interest income rose by 17.7% to ₱76.2 million, reflecting higher interest income from expanded loan portfolios while maintaining stable interest expense levels. This improvement lifted the net interest income ratio to 80.63% from 77.85%. The Company's EBIT margin improved to 34.4%, up from 29.9% last year, driven by disciplined cost controls including reduced occupancy and miscellaneous expenses. These efficiencies contributed to a 141% increase in net income to ₱10.6 million, underscoring enhanced profitability.

Return measures also showed positive trends, with annualized return on assets (ROA) increasing to 1.84% from 0.75%, reflecting more effective asset utilization. Annualized return on equity (ROE) more than doubled to 3.62%, demonstrating the Company's ability to generate higher returns for shareholders with improved profitability and capital management.

Events that will Trigger Material Direct or Contingent Financial Obligation

There are no expected events that will trigger any material direct or contingent liabilities that the company may incur.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

There are no material Off-Balance Sheet transactions, arrangements or obligations.

Material Commitments for Capital Expenditure

Results of Operations/Material Changes in Financial Statement Accounts

For the six months ended June 30, 2025, the Company recorded a significant improvement in operational performance compared to the same period last year. Net interest income rose by 17.7% to ₱76.2 million, driven by a 13.7% increase in interest income from the expansion of the loan portfolio, while interest expenses remained stable. Although other income declined due to the absence of one-off gains recognized in 2024, the Company's total operating income was sustained by stronger recurring revenue. Operating expenses decreased by 15.4%, primarily due to reductions in occupancy costs, taxes, and miscellaneous expenses, reflecting management's continued focus on operational efficiency and cost control. As a result, income before tax more than doubled, while net income surged by 141% year-on-year to ₱10.6 million.

On the balance sheet, current assets increased by 18.7% due to loan growth, while total assets declined slightly by 4.1% due to reduced non-current receivables and right-of-use assets. Total liabilities fell by 11.7%, reflecting repayments of short-term borrowings and lease obligations, and total equity grew by 3.8%, supported by improved earnings and an appropriation of retained earnings. These changes underscore the Company's continued efforts to strengthen profitability, preserve liquidity, and maintain a sound capital position amid a cautiously optimistic economic environment.

Material Events or Uncertainties

The Company had no material foreign exchange transactions; hence the peso depreciation had no direct effect on the company's financials. Management is not aware at this time of any forthcoming trends, uncertainties, demands, or events that would materially affect the Company's liquidity nor would have a material impact on its net income from continuing operations. There are also no material off-balance sheet transactions, arrangements nor obligations with unconsolidated entities.

PART II--OTHER INFORMATION

NOT APPLICABLE.

There are no material disclosures that have not been reported under SEC Form 17-C covered by this period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

[redacted]

Issuer..........………......…..….**ROBERT CHARLES M. LEHMANN**..........…...............

Signature and Title...........……………...**CHAIRMAN**...………............

Date ……August 14, 2025

[redacted]

Principal Financial/Accounting Officer/Controller…….....…....**CHARITO S. ESPIRITU**........................

Signature and Title.. Chief Finance Officer/Compliance Officer...

Date ……. August 14, 2025

ANNEX A

INTERIM FINANCIAL STATEMENTS
For the Period Ending June 30, 2025
With Comparative Figures for 2024

MAKATI FINANCE CORPORATION
(A Subsidiary of Amalgamated Investment Bancorporation)

INTERIM STATEMENTS OF FINANCIAL POSITION
FOR THE PERIOD ENDING JUNE 30, 2025, 2024 AND DECEMBER 31, 2024

	Notes	June 30, 2025 (Unaudited)	Dec. 31, 2024 (Audited)	June. 30, 2024 (Unaudited)
Assets				
Current assets				
Cash and Cash Equivalents	2	**18,465,881**	19,078,143	46,273,685
Loans and other receivables, net	3,18	**713,861,419**	535,274,139	558,858,892
Other assets, net	4	**117,832,225**	118,802,559	110,969,743
Total current assets		**850,159,525**	673,154,841	716,102,320
Non-current assets				
Loans and other receivables, net	3,18	**124,756,892**	322,729,101	303,341,143
Property and equipment, net	5	**11,229,693**	7,042,381	5,394,240
Investment properties	6	**98,839,916**	98,664,010	94,104,735
Right-of-use asset, net	16	**4,546,617**	4,546,617	16,531,808
Deferred tax assets, net	13	**39,109,379**	37,437,621	41,639,503
Total non-current assets		**278,482,497**	470,419,730	461,011,429
Total assets		**1,128,642,022**	1,143,574,571	1,177,113,749
Current liabilities				
Current portion of Notes payable	9,18	**496,784,942**	510,316,500	517,054,329
Accounts payable		**896,870**	11,890,538	19,502,326
Accrued expenses	8	**15,585,543**	15,956,255	30,708,662
Lease liabilities	16,18	**3,960,368**	3,960,368	9,527,935
Income tax payable	13	**2,260,895**	3,499,018	1,522,977
Total current liabilities		**519,488,618**	545,622,679	578,316,229
Non-current liabilities				
Notes payable	9,18	**-**	-	**2,622,222**
Lease liabilities	16,18	**1,033,684**	1,033,684	**9,887,494**
Retirement benefit obligation, net	14	**10,713,152**	10,113,152	**10,825,288**
Total non-current liabilities		**11,746,836**	11,146,836	23,335,004
Total liabilities		**531,235,454**	556,769,515	601,651,233
Equity				
Capital stock	10	**273,900,122**	273,900,122	271,961,630
Additional paid-in capital		**5,803,922**	5,803,922	5,803,922
Retained earnings - Unappropriated		**226,514,391**	295,912,879	289,714,004
Retained earnings - Appropriated		**80,000,000**	-	-
Remeasurement gain on retirement benefit obligation	14	**11,188,133**	11,188,133	7,982,960
Total equity		**597,406,568**	586,805,056	575,462,516
Total liabilities and equity		**1,128,642,022**	1,143,574,571	1,177,113,749

(The notes on pages 1 to 36 are an integral part of these financial statements.)

MAKATI FINANCE CORPORATION
(A Subsidiary of Amalgamated Investment Bancorporation)

INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING JUNE 30, 2025, 2024 AND DECEMBER 31, 2024

	Note	**FOR 3 MONTHS ENDING**		**FOR 6 MONTHS ENDING**	
		2025-June 30	2024-June 30	**2025-June 30**	2024-June 30
Interest income	*2,3,7*	**45,066,683**	41,660,180	**94,527,463.00**	83,153,550
Interest expense	*9,7*	**(9,172,260)**	(9,083,716)	**(18,308,705.00)**	(18,435,694)
Net interest margin		**35,894,423**	32,576,464	**76,218,758**	64,717,856
Other income					
Service charges	*11*	**3,072,915**	1,931,921	**5,800,165.00**	3,716,909
Fair value adjustment on investment properties	*6*	**-**	-	**-**	-
Miscellaneous	*12*	**140,916**	15,642,117	**(287,320.00)**	17,906,800
Total other income		**3,213,831**	17,574,038	**5,512,845**	21,623,709
Total operating income		**39,108,254**	50,150,502	**81,731,603**	86,341,565
Operating expenses					
Salaries and employee benefits		**14,508,193**	14,919,918	**29,252,900.00**	28,841,651
Provision for credit losses	*3*	**1,001,683**	645,593	**5,196,345.00**	3,337,089
Taxes and licenses		**2,969,459**	9,307,397	**6,509,373.00**	12,761,377
Depreciation and amortization	*4,5,16*	**940,852**	766,215	**1,592,987.00**	1,487,096
Management and professional fees		**1,930,119**	2,213,278	**3,803,172.00**	3,853,744
Travel and transportation		**777,103**	1,309,175	**1,866,686.00**	2,496,438
Occupancy costs		**3,048,663**	5,395,451	**5,946,478.00**	10,179,479
Commission		**1,338,125**	415,540	**2,320,363.00**	1,343,570
Provision for (reversal of) impairment loss of repossessed assets	*4*	**-**	1,057,948	**890,686.00**	1,383,673
Entertainment, amusement and recreation		**236,789**	212,145	**655,746.00**	371,866
Miscellaneous expense	*12*	**4,620,948**	11,549,023	**9,560,303.00**	13,861,129
Total operating expenses		**31,371,934**	47,791,683	**67,595,039**	79,917,112
Income before tax		**7,736,320**	2,358,819	**14,136,564**	6,424,453
Income tax expense	*13*	**1,935,475**	1,022,092	**3,535,052**	2,037,969
Net income		**5,800,845**	1,336,727	**10,601,512**	4,386,484
Other comprehensive (loss) income		**-**	-	**-**	-
Total comprehensive income for the year		**5,800,845**	1,336,727	**10,601,512**	4,386,484
Basic and Diluted earnings per share	*10*				

(The notes on pages 1 to 36 are an integral part of these financial statements.)

MAKATI FINANCE CORPORATION
(A Subsidiary of Amalgamated Investment Bancorporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDING JUNE 30, 2025, 2024 AND DECEMBER 31, 2024

	Capital stock (Note 10)	Additional paid-in capital	Retained earnings	Remeasurement gain (loss) on retirement benefit obligation	Total equity
Balances at January 1, 2023	269,283,709	5,803,922	277,759,903	10,251,701	563,099,235
Transactions with owners					
Stock dividends	2,677,921	-	(2,677,921)	-	-
Cash dividends	-	-	(2,678,008)	-	(2,678,008)
Total transactions with owners	2,677,921		(5,355,929)		(2,678,008)
Comprehensive income					
Net income for the year	-	-	12,923,549	-	12,923,549
Other comprehensive income	-	-	-	(2,268,741)	(2,268,741)
Total comprehensive income	-	-	12,923,549	(2,268,741)	10,654,808
Balances at December 31, 2023	271,961,630	5,803,922	285,327,523	7,982,960	571,076,035
Transactions with owners					
Stock dividends	1,938,492	-	(1,938,492)	-	-
Cash dividends	-	-	(1,938,573)	-	(1,938,573)
Total transactions with owners	1,938,492		(3,877,065)		(1,938,573)
Comprehensive income					
Net income for the year	-	-	14,462,421	-	14,462,421
Other comprehensive loss	-	-	-	3,205,173	3,205,173
Total comprehensive income (loss)	-	-	14,462,421	3,205,173	17,667,594
Balances at December 31, 2024	273,900,122	5,803,922	295,912,879	11,188,133	586,805,056
Transactions with owners					
Stock dividends		-	-	-	-
Cash dividends	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Comprehensive income					
Net income for the year	-	-	10,601,512	-	10,601,512
Other comprehensive loss	-	-	-	-	
Total comprehensive income (loss)	-	-	10,601,512	-	10,601,512
Balances at June 30, 2025	**273,900,122**	**5,803,922**	**306,514,391**	**11,188,133**	**597,406,568**

(The notes on pages 1 to 36 are an integral part of these financial statements.)

MAKATI FINANCE CORPORATION
(A Subsidiary of Amalgamated Investment Bancorporation)

INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDING JUNE 30, 2025, 2024 AND DECEMBER 31, 2024

	Notes	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		14,136,564	24,319,144	6,424,453
Adjustments for:				
Provision for credit losses on loans and other receivables	3	5,196,345	15,554,612	3,337,089
Depreciation and amortization	4,5,16	1,592,987	16,603,690	1,487,096
Fair value change in investment properties	6	-	(4,447,700)	-
Retirement benefits expense	14	600,000	3,093,037	600,000
Interest expense from lease liabilities	16	-	905,309	-
Provision for (reversal of) impairment loss of repossessed assets	4	890,686	1,937,134	1,383,673
(Gain)/Loss from sale of repossessed assets	4	5,853,424	(99,021)	-
Gain from sale of property and equipment		-	(1,153,360)	-
Gain on lease termination		-	(1,880,589)	-
Lease additions, net of modification		-	-	-
Operating income before working capital changes		28,270,006	54,832,256	13,232,311
Decrease (increase) in:				
Loans and other receivables		14,188,584	(62,349,661)	(17,977,228)
Other assets		(4,911,931)	(13,946,808)	(7,497,666)
Increase (decrease) in:				
Accounts payable		(12,385,654)	(11,074,202)	(3,462,414)
Accrued expenses		(4,531,598)	(5,567,567)	8,785,982
Cash (used in) generated from operations		20,629,408	(38,105,982)	(6,919,015)
Income taxes paid		(890,971)	(2,236,014)	-
Net cash flows (used in) provided by operating activities		19,738,437	(40,341,995)	(6,919,015)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	5	(5,780,299)	(4,278,985)	(1,211,699)
Additions to software	4	(862,936)	(676,242)	-
Additions/Disposals of investment properties	6	(175,906)	59,096,277	22,500,000
Net cash from (used in) investing activities		(6,819,141)	54,141,050	21,288,301
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of notes payable		100,438,289	126,793,767	71,196,890
Settlement of notes payable		(113,969,847)	(127,351,531)	(62,394,602)
Payment of lease liabilities	16	-	(15,326,685)	-
Cash dividends paid	10	-	(1,938,573)	-
Net cash from (used in) financing activities		(13,531,558)	(17,823,022)	8,802,288
NET DECREASE IN CASH AND CASH EQUIVALENTS		(612,262)	(4,023,967)	23,171,574
Cash and cash equivalents				
01-Jan		19,078,143	23,102,110	23,102,110
31-Dec		18,465,881	19,078,143	46,273,684

(The notes on pages 1 to 36 are an integral part of these financial statements.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2025 AND 2024
(WITH COMPARATIVE FIGURES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024)

1 General information

Makati Finance Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 1966. The Company is a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

The Company is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On March 11, 2002, the Board of Directors (BOD) and shareholders approved the offer of up to 19,560,000 shares from the Company's unissued common shares through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE) on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small and Medium Enterprise Board on January 6, 2003, with an offer price of P1.38 per share.

As at June 30, 2025, December 31, 2024, and June 30, 2024 the Company's closing price at the PSE amounts to **₱** 1.65, **₱**1.99, and **₱**1.72 per share, respectively.

Amalgamated Investment Bancorporation (AIB) (the "Parent Company") owns 43.59% and 43.41% of the Company as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

The Company's registered office address, which is also its principal place of business, is at 3rd Floor Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City.

The Company has 123, 146 and 142 employees as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

2 Cash

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Cash on hand	**545,773**	457,478	937,219
Cash in bank	**17,920,108**	18,620,665	45,336,466
	18,465,881	19,078,143	46,273,685

Cash in banks earn interest at the prevailing bank deposit rates which range from 0.05% to 0.093% as of June 30, 2025, December 31, 2024, and June 30, 2024. Interest income on cash in banks amount to ₱5,301, ₱14,033, and ₱6,752 as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

3 Loans and other receivables, net

The account as at March 31 and December 31 consist of:

	30-Jun-25 Unaudited	31-Dec-24 Audited	30-Jun-24 Unaudited
Consumer	**707,373,755**	759,459,046	758,879,909
Services	**263,523,834**	222,446,422	251,948,705
Other receivables	**14,251,391**	17,432,096	11,597,445
	985,148,980	999,337,564	1,022,426,060
Allowance for expected credit loss (ECL)	**(146,530,669)**	(141,334,324)	(160,226,025)
	838,618,311	858,003,240	862,200,035

Interest rates on loans and other receivables range from 0.42% to 3.00% add-on rate per month plus gross receipts tax. Interest income earned on loans receivables amounts to P94.53 million, P183.66 million, and P 83.15 million as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

Certain motorcycle financing receivables (included in Consumer category above) amounting to P128.23 million, P141.38 million, and 167.83 million as of June 30, 2025, December 31, 2024, and June 30, 2024 were used as collateral on notes payable to banks as of June 30, 2025, December 31, 2024, and June 30, 2024 (see Note 9), respectively.

The following table shows the breakdown of loans and other receivables (gross of allowance for ECL) as to collateral as at June 30, 2025, December 31, 2024, and June 30, 2024:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Secured loans			
Chattel mortgage	**320,814,253**	384,585,981	403,935,054
Real estate mortgage	**176,026,747**	3,823,482	185,444,271
Other collaterals	**44,042,227**	45,563,421	101,644,619
Total secured	**540,883,227**	433,972,884	691,023,944
Unsecured	**444,265,753**	565,364,680	331,402,116
	985,148,980	999,337,564	1,022,426,060

Other collaterals pertain to deposits, assignment of receivables and salary.

Movements in allowance for ECL follow:

June 30, 2025				
Receivable from Customers				
	Consumer	**Services**	**Others**	**Total**
At January 1	**107,243,911**	**29,624,698**	**4,465,715**	**141,334,324**
Provision during the year	**510,201**	**4,686,145**	**-**	**5,196,345**
Write-off during the year	**-**	**-**	**-**	**-**
At Jun 30	**₱107,754,112**	**₱34,310,843**	**₱4,465,715**	**₱146,530,669**

	December 31, 2024			
	Receivable from Customers			
	Consumer	Services	Others	Total
At January 1	126,386,860	26,036,361	4,465,715	156,888,936
Provision during the year	4,833,459	14,516,481	-	19,349,940
Write-off during the year	(23,976,408)	(10,928,144)	-	(34,904,551)
At December 31	₱ 107,243,911	₱ 29,624,698	₱ 4,465,715	₱ 141,334,324

	June 30, 2024			
	Receivable from Customers			
	Consumer	Services	Others	Total
At January 1	134,875,609	17,547,612	4,465,715	156,888,936
Provision during the year	564,112	2,127,384	-	2,691,496
Write-off during the year	-	-	-	-
At March 31	₱ 135,439,721	₱ 19,674,996	₱ 4,465,715	₱ 159,580,432

In determining the allowance for ECL on loans and other receivables, the Company groups its loans and other receivables on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

4 Other assets, net

This account consists of:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Repossessed assets, net		103,428,754	107,790,036	99,930,565
Prepaid expenses		7,808,643	4,992,004	5,656,828
Security deposits	16	4,621,862	4,733,792	4,733,792
Software costs		1,892,966	1,206,727	568,557
Financial asset at fair value through other comprehensive income (FVOCI)		80,000	80,000	80,000
		117,832,225	118,802,559	110,969,743

Repossessed assets pertain to motorcycle units that were repossessed from the Company's motorcycle financing business.

The movement in repossessed assets follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Cost			
At January 1	**155,158,086**	140,623,906	140,623,907
Additions	**27,185,699**	77,481,667	34,377,895
Disposals	**(33,811,489)**	(62,947,487)	(30,248,631)
At December 31	**148,532,296**	155,158,086	144,753,171
Allowance for impairment losses			
At January 1	**47,368,050**	45,430,916	45,430,917
Allowance for impairment during the year	**(2,264,508)**	1,937,134	1,383,673
Write-off	**-**	-	(1,991,985)
At December 3	**45,103,542**	47,368,050	44,822,605
Carrying amount	**103,428,754**	107,790,036	99,930,565

Included in the statement of comprehensive income are the gain/(loss) from sale of repossessed assets amounting to P(5,853,424), P 99,021, and P154,464 as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

5 Property and equipment, net

The movements in the account for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 are summarized below:

June 30, 2025 (Unaudited)				
	Furniture, fixtures and equipment	**Leasehold rights and improvements**	**Transportation equipment**	**Total**
Cost				
At January 1	**23,328,925**	**11,554,852**	**6,263,297**	**41,147,074**
Additions	**2,130,703**	**-**	**3,472,900**	**5,603,603**
Disposals	**-**	**-**	**-**	**-**
At June 30	**25,459,628**	**11,554,852**	**9,736,197**	**46,750,677**
Accumulated depreciation				
At January 1	**20,417,899**	**9,835,760**	**3,851,034**	**34,104,693**
Depreciation	**586,264**	**405,002**	**425,025**	**1,416,291**
Disposals	**-**	**-**		**-**
At June 30	**21,004,163**	**10,240,762**	**4,276,059**	**35,520,984**
Carrying amount	**4,455,465**	**1,314,090**	**5,460,138**	**11,229,693**

December 31, 2024 (Audited)				
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
Cost				
At January 1	20,701,416	11,331,636	10,643,838	42,676,890
Additions	2,627,509	223,216	1,428,259	4,278,984
Disposals	-	-	(5,808,800)	(5,808,800)
At December 31	23,328,925	11,554,852	6,263,297	41,147,074
Accumulated depreciation				
At January 1	19,460,537	9,069,735	8,476,981	37,007,253
Depreciation	957,362	766,025	1,182,851	2,906,238
Disposals	-	-	(5,808,798)	(5,808,798)
At December 31	20,417,899	9,835,760	3,851,034	34,104,693
Carrying amount	2,911,026	1,719,092	2,412,263	7,042,381

	June 30, 2024 (Unaudited)			
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
Cost				
At January 1	20,701,416	11,331,636	10,643,838	42,676,890
Additions	260,400	-	-	260,400
Retirement	-	-	-	-
At March 31	20,961,816	11,331,636	10,643,838	42,937,290
Accumulated depreciation				
At January 1	19,460,537	9,069,735	8,476,981	37,007,253
Depreciation	182,118	169,240	348,228	699,586
At March 31	19,642,655	9,238,975	8,825,209	37,706,839
Carrying amount	1,319,161	2,092,661	1,818,629	37,706,839

There are neither restrictions on title on the Company's property and equipment, nor was any of it pledged as security for liability. The Company has no contractual commitment for the acquisition of property and equipment.

Management believes that there are no indicators that the Company's property and equipment are impaired as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

6 Investment properties, net

Investment properties as of June 30, 2025 consist of land and building amounting to P85,350,607 and P66,037,286, respectively (2024 - P11,353,376 and P87,310,634, respectively).

The movements in the account for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 are summarized below:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Beginning of the year	**98,664,010**	153,312,587	153,312,587
Additions	**175,306**	111,575	-
Disposals	**-**	(59,207,852)	(2,100,000)
Fair value adjustment	**-**	4,447,700	-
	98,839,316	98,664,010	151,212,587

In 2023, the Company has acquired a property through a Dacion En Pago arrangement, with a fair market value of P77.27 million. However, the property has been booked at a value of P57.69 million, net of the share of another lender, reflecting the Company's portion of ownership.

The property was sold in 2024. The Company's shares in the sales proceeds and the resulting gain amounted to P76.68 million and P21.9 57million, respectively.

The Company measures its investment properties at fair value. Changes in the fair values are recognized in profit or loss. The fair value was determined by an independent and professionally qualified appraiser during the year.

The fair values were assessed using the Market Approach (Level 2), which involves comparing sales of similar or substitute properties and market data. In this method, a subject property is valued is based on recent market transactions of comparable properties.

Direct operating expenses with regard to investment properties pertain to local property taxes amounting to P 0, P 92, 221, and P76,043 as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

7 Segment information

The Company's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Company derives revenues from the following main operating business segments:

Rx Cashline Group

The Rx Cashline Group grants loans tailored to medical professionals.

Business loans

This group grants loans to finance business owners who wishes to expand its business or for the purpose of starting capital.

Motor Vehicles Financing Group

The MC Financing Group grants loans to motorcycle buyers.

Other segments

This segment includes pension loans, housing loans, personal loans and corporate salary loans.

The Company considers its Management Committee as the chief operating decision maker. Management conducts weekly Management Committee meetings to monitor the performance and conversion of each of the product lines handled. Strategies and recommendations are formulated while operating parameters and guidelines are developed and implemented in these weekly meetings. Product line performance is evaluated based on how it performs versus target and versus last year's actual figures. Another major consideration is on the analysis of risk and collectibility exposure contributed by each product line.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets and liabilities comprise all of the assets and liabilities, measured in a manner consistent with that shown in the statement of financial position.

The Company's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore the geographical segment information is no longer presented.

The sales revenue generated from the Company's operating segments amounted to 10% or more of the total revenues.

Financial information about operating segments follows:

	June 30, 2025 (Unaudited)				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	**109,398,539**	**450,495,722**	**248,353,644**	**30,370,406**	**838,618,311**
Results of operation					
Revenue					**-**
Interest income	**14,438,211**	**39,214,074**	**37,559,561**	**3,315,617**	**94,527,463**
Other income	**1,490,320**	**5,070,305**	**(3,981,290)**	**2,933,510**	**5,512,845**
Total	**15,928,531**	**44,284,379**	**33,578,271**	**6,249,127**	**100,040,308**
Expenses					
Interest expense	**2,796,488**	**7,595,242**	**7,274,784**	**642,191**	**18,308,705**
Provision for expected credit losses	**2,241,462**	**4,526,177**	**1,432,103**	**(3,003,396)**	**5,196,345**
Operating expenses	**9,935,191**	**27,621,740**	**20,943,960**	**3,897,803**	**62,398,694**
	14,973,142	**39,743,159**	**29,650,847**	**1,536,597**	**85,903,744**
Net operating income (loss)	**955,390**	**4,541,220**	**3,927,424**	**4,712,530**	**14,136,564**
Income tax expense (benefit)	**238,992**	**1,135,709**	**982,162**	**1,178,189**	**3,535,052**
Net Income (loss)	**716,398**	**3,405,511**	**2,945,262**	**3,534,341**	**10,601,512**
Total Assets	**117,469,369**	**588,037,265**	**387,838,556**	**35,296,832**	**1,128,642,022**
Total Liabilities	**84,583,912**	**235,159,533**	**178,307,807**	**33,184,202**	**531,235,454**
Other segment information					
Capital expenditures	**892,212**	**2,480,521**	**1,880,835**	**350,035**	**5,603,603**
Depreciation and amortization	**253,637**	**705,160**	**534,682**	**99,508**	**1,592,987**

	December 31, 2024 (Audited)				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	100,634,833	409,168,801	313,764,781	34,434,824	858,003,240
Results of operation					
Revenue					
Interest income	20,212,534	69,843,615	92,034,495	1,567,151	183,657,793
Other income	2,313,486	34,821,726	5,859,360	11,187,773	54,182,345
Total	₱ 22,526,018	₱104,665,341	₱ 97,893,855	₱ 12,754,924	₱ 237,840,138
Expenses					
Interest expense	4,195,363	14,496,914	19,102,909	325,282	38,120,468
Provision for expected credit losses	(2,358,405)	15,421,928	2,477,934	3,808,483	19,349,940
Operating expenses	14,384,267	57,756,584	79,106,730	4,803,005	156,050,586
	₱ 16,221,225	₱ 87,675,426	₱ 100,687,572	₱ 8,936,770	₱ 213,520,994
Net operating income (loss)	6,304,793	16,989,615	(2,793,771)	3,818,154	24,319,145
Income tax expense (benefit)	1,565,603	4,190,109	(764,313)	1,974,756	6,966,136
Net Income (loss)	4,739,209	12,799,806	(2,029,404)	1,843,398	17,353,008
Total Assets	₱107,789,514	₱539,129,940	₱454,572,313	₱42,461,458	₱1,143,953,225
Total Liabilities	₱ 42,107,041	₱228,587,784	₱ 261,364,700	₱23,198,060	₱554,257,585
Other segment information					
Capital expenditures	₱325,075	₱1,757,026	₱2,017,790	₱179,094	₱4,278,985
Depreciation and amortization	₱1,261,385	₱6,817,763	₱7,829,606	₱694,936	₱16,603,690

	June 30, 2024 (Unaudited)				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	82,666,357	367,210,820	332,819,633	32,708,411	815,405,221
Results of operation					
Revenue					
Interest income	4,634,407	14,018,152	20,827,157	2,013,654	41,493,370
Other income	546,118	1,769,794	1,120,625	613,134	4,049,671
Total	5,180,525	15,787,946	21,947,782	2,626,788	45,543,041
Expenses					
Interest expense	1,044,525	3,159,479	4,694,126	453,847	9,351,977
Provision for expected credit losses	574,841	889,608	784,142	768,631	3,017,222
Operating expenses	2,054,818	9,131,708	17,114,570	807,111	29,108,207
	3,674,184	13,180,795	22,592,838	2,029,589	41,477,406
Net operating income (loss)	1,506,341	2,607,151	(645,056)	597,198	4,065,634
Income tax expense (benefit)	376,531	651,548	(161,481)	149,279	1,015,877
Net Income (loss)	1,129,810	1,955,603	(483,575)	447,919	3,049,757
Total Assets					
Total Liabilities	96,292,720	572,121,950	460,272,420	26,719,818	1,155,406,908
Other segment information					
Capital expenditures	26,521	117,809	106,776	9,294	260,400
Depreciation and amortization	73,083	324,643	294,238	28,917	720,881

8 Accrued expenses

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Accrued rent	**3,068,096**	2,140,941	3,660,280
Insurance payable	**857,185**	1,744,848	699,297
Accrued taxes	**3,106,503**	6,000,395	2,795,393
Commissions and outside services	**502,164**	455,033	-
Accrued interest	**2,880,050**	2,028,930	4,719,377
Accrued administrative expenses	**2,305,137**	1,265,532	6,530,608
Accrued management and professional fees	**888,785**	821,168	1,014,658
Others	**1,977,622**	1,499,408	11,289,049
	15,585,543	15,956,255	30,708,662

Others mainly include accrual on utilities and travel and transportation.

9 Notes payable

The account as at June 30, 2025, December 31, 2024, and June 30, 2024 consists of:

	June 30, 2025 (Unaudited)	**December 31, 2024 (Audited)**	**June 30, 2024 (Unaudited)**
Notes payable to:			
Related parties	**375,495,723**	354,178,002	349,016,100
Banks	**86,049,075**	100,898,355	115,847,555
Individuals/corporate	**35,240,143**	55,240,143	54,812,897
	496,784,942	510,316,500	519,676,551

The current and non-current portion of the account are as follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Current	**496,784,942**	510,316,500	517,054,329
Non-current	**0**	0	2,622,222
	₱496,784,942	₱510,316,500	519,676,551

Interest rates on notes payable range from 5.65% to 8.75%and 5.50% to 9.00% in June 30, 2025, December 31, 2024, and June 30, 2024, respectively. Interest expenses on these notes payable amount to P18.31 million, P33.48 million, and P18.44 million as June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

Notes payable to related parties and individuals/corporate are unsecured, with maturities up to one (1) year.

As at December 31, 2024 and 2023, the notes payable to banks are secured by certain motorcycle financing receivables and other various type of receivables. Under the agreements with the bank creditors, the notes payable are subject to Deed of Assignment on summary list of loans receivables, with 50% to 85% loanable value), on a per availment basis.

The following assets were used to secure the notes payable to banks availed by the Company (Note 3):

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)		June 30, 2024 (Unaudited)	
	Carrying amount	**Secured notes**	Carrying amount	Secured notes	Carrying amount	Secured notes
Motorcycle financing receivables	**128,225,247**	**86,049,075**	141,382,290	100,898,355	167,832,771	115,847,555

10 Equity

On July 24, 2025, the BOD and stockholders approved the declaration of 0.79% stock dividends in the amount of P2.17 million to stockholders of record as at August 22, 2025 with distribution date not later than, September 17, 2025. Fractional shares of 45.15 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P2.17 million.

On July 25, 2024, the BOD and stockholders approved the declaration of 0.71% stock dividends in the amount of P1.94 million to stockholders of record as at August 22, 2024 with distribution date not later than, September 18, 2024. Fractional shares of 40.35 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.94 million.

On July 27, 2023, the BOD and stockholders approved the declaration of 0.99% stock dividends in the amount of P2.68 million to stockholders of record as at August 24, 2023 with distribution date not later than September 20, 2023. Fractional shares of 43.70 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P2.68 million.

As at June 30, 2025, December 31, 2024, and June 30, 2024, the Company has 273,900,122, 273,900,122, and 271,961,630 common shares issued and outstanding which are owned by 113, 113, and 112 shareholders.

The movements in the number of issued shares and capital stock follow:

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)		June 30, 2024 (Unaudited)	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
Authorized - 300,000,000 shares; P1 par value						
At January 1	**273,900,122**	**273,900,122**	271,961,630	271,961,630	271,961,630	271,961,630
Stock dividends	**-**	**-**	1,938,492	1,938,492	-	-
At December 31	**273,900,122**	**273,900,122**	273,900,122	273,900,122	271,961,630	271,961,630

Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding common shares.

The information used in the computation of basic and diluted earnings per share for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Net income for the year	**10,601,512**	14,497,294	6,424,453
Weighted average number of outstanding common shares	**273,900,122**	273,900,122	271,961,630
Basic and diluted earnings per share	**0.04**	0.05	0.02

11 Service charges

The account for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 consists of the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Processing fees	**5,098,715**	7,818,023	3,137,014
Late payment charges	**697,205**	1,204,660	575,360
Others	**4,245**	8,945	4,535
	5,800,165	9,031,628	3,716,909

Processing fees refer to charges that are deducted from the loan proceeds before they are disbursed to the borrower. This fee covers the cost of processing the loan application, including evaluating the borrower's creditworthiness, verifying their employment and income, and other administrative expenses.

Late payment charges, on the other hand, are fees that are assessed when a borrower fails to make a loan payment on time. These charges are designed to encourage timely payments and compensate the Company for the costs associated with processing and collecting late payments.

Others pertain to the convenience fee charged by the Company.

12 Miscellaneous

Miscellaneous income for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 consists of the following items:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Gain on investment properties (Note 6)	**-**	21,568,169	-
Penalties	**2,971,880**	6,977,880	12,892,147.37
Unrealised gain on foreclosure (Note 6)	**-**	4,447,700	3,457,682.61
Others	**(3,259,200)**	12,156,969	1,556,969.61
	(287,320)	45,150,718	17,906,800

Others mainly consist of gain on sale of motorcycle units.

Miscellaneous expenses for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 consist of the following items:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Repairs and Maintenance	**3,466,041**	13,598,277	-
Communication	**1,473,037**	2,539,117	1,177,658
Stationaries and supplies	**1,182,482**	2,504,148	1,398,217
Others	**3,438,743**	11,418,173	11,285,254
	9,560,303	30,059,715	13,861,129

Other expenses include insurance, repairs and maintenance, training and development fees, meetings and conference fees, claims fees, advertising costs, donations and membership dues.

13 Income taxes

Current tax regulations provide that the regular corporate income tax rate applicable to the Company is 25%. The regulations also provide for minimum corporate income tax (MCIT) rate of 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023, on modified gross income and allow net operating loss carry-over (NOLCO). The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of incurrence. Specifically, for taxable years 2021 and 2020, NOLCO can be carried forward for five years.

The following are the components of income tax expense for the period ended June 30, 2025, December 31, 2024, and June 30, 2024:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Current	**5,206,810**	14,438,929	2,118,159
Deferred	**(1,671,758)**	(4,582,206)	(80,191)
	3,535,052	9,856,723	2,037,969

A reconciliation between the income tax expense at the statutory tax rate and income tax expense at effective tax rate follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Income before tax	**14,136,564.00**	24,319,144	6,424,453.00
Income tax benefit at statutory income tax rate (25%)	**3,534,141**	6,079,786	1,606,113
Adjustments for:			
Interest income subjected to final tax	**1,325**	-4,748	1,688
Impact of PFRS 16		3,780,385	-
Effect of CREATE law		1,300	
Non-deductible interest expense	**(414)**	-	527
Change in unrecognized DTA			433,017
Effective income tax expense	**3,535,052**	9,856,723	2,037,969

The components of the Company's deferred tax assets and liabilities as at June 30, 2025, December 31, 2024, and June 30, 2024 are as follows:

	June 30, 2024 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Deferred tax assets			
Allowance for credit losses	**36,632,667.30**	35,333,581	38,909,356
Allowance of repossessed assets write-down	**8,702,199.26**	9,268,326	11,542,248
Accrued expenses	**3,896,385.75**	3,989,064	1,685,388
Retirement expense	**2,678,288.00**	2,528,288	3,170,042
Impairment loss on investment properties	**-**	484,284	228,988
Past service costs	**-**	0	40,293
PFRS 16	**1,248,513.00**	1,248,513	1,216,006
	53,158,053.31	52,852,056.00	56,792,321.51
Deferred tax liabilities			
Remeasurement gain on defined benefit obligation	**2,797,033.25**	2,797,033	3,137,634.67
Fair value increase in investment properties	**11,251,641.06**	12,617,401	12,015,183.50
	14,048,674.31	15,414,434	15,152,818.16
	39,109,379.00	37,437,621	41,639,503

Movements in net deferred income tax (DIT) assets are summarized as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Beginning of the year	**37,437,621**	41,559,313	41,559,313
Amounts charged to profit or loss	**1,671,758**	-4,582,206	80,190
Amounts charged to other comprehensive income	**-**	460,514	-
End of the year	**39,109,379**	37,437,621	41,639,503

14 Retirement benefits

The Company has a funded, defined benefit plan covering all of its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

The plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one hundred percent (100%) of the latest monthly salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan. Normal retirement age is at age 60.

Net benefit cost is included in the Company's profit or loss under 'Salaries and employee benefits'.

Details of the retirement benefit obligation recognized in the statement of financial position as at December 31 are as follows:

	2024	2023
Present value of benefit obligation	17,326,085	17,524,485
Fair value of plan assets	(7,212,933)	(7,299,197)
Retirement benefit obligation	₱10,113,152	₱10,225,288

Details of the retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2024	2023
Current service cost	2,454,463	2,067,594
Net interest cost	638,574	410,226
	₱3,093,037	₱2,477,820

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

	2024	2023
At beginning of year	17,524,485	12,587,051
Current service cost	2,454,463	2,067,594
Interest cost	1,079,508	926,407
Remeasurements		
Loss (Gain) from changes in financial assumptions	189,968	2,763,316
Gain from experience adjustments	(3,639,985)	(629,883)
Benefits paid from Plan Assets - excluding settlements	(282,354)	(190,000)
At end of year	₱17,326,085	₱17,524,485

The movements in the fair value of plan assets are as follows:

	2024	2023
At beginning of year	7,299,197	7,108,324
Interest income	440,934	516,181
Benefits paid	(282,354)	(190,000)
Remeasurements – Plan Assets	(244,844)	(135,308)
At end of year	₱7,212,933	₱7,299,197

The fair values of plan assets by each class at the end of the reporting period follow:

	2024	2023
Cash and cash equivalents	677,481	2,014,219
Financial assets at fair value through profit or loss - fixed income	6,507,591	5,273,978
Accrued other receivables	31,392	11,000
Withholding tax payable	(3,531)	-
	₱7,212,933	₱7,299,197

The principal assumptions used in determining the retirement benefit obligation as at December 31 are as follows:

	2024	2023
Discount rate	6. 08%	6.16%
Future salary increases	5.00%	5.00%
Average remaining working life (in years)	23	24

Discount rate sensitivity

The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variable held constant, of the Company's retirement benefit obligation. The sensitivity analysis is prepared assuming the fair value of asset does not vary during the period and the methods and assumptions are the same in prior years. A 100 bps increase, or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase. The impact on the Company's retirement benefit obligation follows:

		Impact on retirement benefit obligation	
	Change in basis points	Increase in assumption	Decrease in assumption
December 31, 2024			
Discount rate	100 basis points	(2,179,753)	2,641,030
Salary growth rate	100 basis points	2,643,215	(2,219,319)
December 31, 2023			
Discount rate	100 basis points	(2,345,453)	2,850,482
Salary growth rate	100 basis points	2,855,229	(2,389,579)

There are no expected contributions to the plan for the year ending December 31, 2024.

15 Related party transaction

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

		2024			2023		
			Outstanding Balances			Outstanding Balances	
Category/Transaction	Ref	Amount of transaction	Due from related parties	Due to related parties	Amount of transaction	Due from related parties	Due to related parties
Parent Company							
Miscellaneous receivables	A	-	181,521		-	181,521	-
Notes payable	B	-	-	292,100,175	-	-	303,600,000
Availments		-	-	-	158,600,000	-	-
Settlements		11,499,825	-	-	46,100,000	-	-
Accrued Interest Payable	B	-	-	1,363,864	1,018,666	-	-
Interest expense		20,915,252	-	-	18,506,868	-	-
Entities under common control							
Motor Ace Philippines, Inc.							
Loans Receivable	F	3,245,294		-	9,773,940	-	-
Availments		-	-	-	-	-	-
Settlements		6,528,646	-	-	-	-	-
Miscellaneous receivables	A	-	328,078	-	-	320,703	-
Availments		7,375	-	-	22,599	-	-
Settlements		-	-	-	44,150	-	-
Accounts payable -Supplier	C	-	-	8,661,616	-	-	14,851,810
Availments		96,667,399	-	-	130,991,997	-	-
Settlements		102,857,593	-	-	130,596,637	-	-
Accounts payable	E	-	-	245,825	-	-	279,459
Availments		926,781	-	-	2,715,188	-	-
Settlements		960,414	-	-	2,479,191	-	-
MAPI Lending Investors, Inc.							
Miscellaneous receivables	A	-	1,477,772	-	-	1,477,772	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	2024 Amount of transaction	2024 Outstanding Balances Due from related parties	2024 Due to related parties	2023 Amount of transaction	2023 Outstanding Balances Due from related parties	2023 Due to related parties
Accounts payable	E	-	-	86,543	-	-	78,479
Availments		11,284,043	-	-	26,206	-	-
Settlements		11,275,979	-	-	26,367	-	-
Short term placements	C	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Interest income		-	-	-	-	-	-
HMW Lending Investors, Inc.							
Loans Receivable	F	-	1,033,272	-	-	1,722,120	
Availments		-	-	-	-	-	-
Settlements		688,848	-	-	-	-	-
Honda Motor World, Inc.							
Loans Receivable	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Miscellaneous receivables	A	-	180,714	-	-	180,714	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Accounts payable-Supplier	C	-	-	843,290	-	-	7,586,792
Availments		30,895,718	-		52,222,866	-	-
Settlements		37,639,220	-		47,599,533	-	-
Accounts payable	E	-	-	590,670	-	-	168,200
Availments		1,479,031	-	-	1,642,581	-	-
Settlements		1,056,562	-	-	1,592,324	-	-
Pikeville Bancshares							
Accounts payable	D			156,128	390,320	-	-
Professional fees	D	1,102,080	-	-	1,102,080	-	-
Cebu Maxi Management Corp.							
Professional fees	D	500,000			500,000	-	-
MERG Realty Development Corp.							
Miscellaneous receivables	A	-	18,057	-	-	18,057	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	2024 Amount of transaction	2024 Outstanding Balances Due from related parties	2024 Outstanding Balances Due to related parties	2023 Amount of transaction	2023 Outstanding Balances Due from related parties	2023 Outstanding Balances Due to related parties
Notes payable	B			36,454,216	-	-	34,374,826
Availments		2,079,391	-	-	1,555,608	-	-
Settlements		-	-	-	-	-	-
Interest expense	B	2,446,342	--	-	1,830,127	-	-
Felibon Realty, Inc.							
Miscellaneous receivables	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Directors and other stockholders							
Notes payable	B	-	-	18,914,495	-	-	21,808,761
Availments		4,122,461	-	-	12,276,328	-	-
Settlements		7,016,728	-	-	11,322,724	-	-
Interest expense	B	1,246,559	-	-	829,150	-	-
Professional and other management fees		-	-	-	-	-	-
TOTAL			3,219,414	359,416,822		3,900,887	382,748,327

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

A. This includes various receivables from the Parent Company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement (Note 3). These related party receivables have a term of less than one year and include 7% interest per annum.

B. As at December 31, 2024 and 2023, notes payable and accrued interest payable arising from borrowings from directors/stockholders amounted to P348.83 million and P360.80 million. Interest expense from these borrowings amounted to P24.61million and P21.17 million in 2024 and 2023, respectively (Note 9).

C. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company.

D. Professional Fees of management consultancy as at December 31, 2024 and 2023, amounted to P1.60 million and P1.60 million. Accrued Management Fee from consultancy amounted to P156 thousand and P390 thousand in 2024 and 2023, respectively (Note 9).

E. Various Accounts Payable from the trading partner represent the purchase of repossessed motorcycle spare parts and the switching of collections.

F. The Company has released car loan financing and business loan to its trading partner.

16 Leases

The Company as Lessee

The Company leases various properties where its offices, branches and warehouses are located. The lease terms range from less than a year to 10 years which are renewable subject to certain terms and conditions. The terms of the leases also contain escalation clauses ranging from 5% to 10%.

At the end of the lease term or upon expiration of the renewal period, the ownership of the Company's buildings and improvements thereon shall be retained by the lessor. Under the terms of the lease, the Company cannot sell, assign or sublease, or otherwise dispose of the building and the improvements thereon, without the written consent of the lessor.

Total rent expense for short term leases included under 'Occupancy cost' account in the statement of total comprehensive income incurred in 2024 and 2023 amounts to P2.83 million and P0.78 million, respectively.

Security deposits arising from these lease agreements amount to P4.62 million, P4.73 million and P4.73million as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively (Note 4).

The aggregate future minimum lease payments for the lease commitments are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Less than one year	3,960,368	3,960,368
Between one and five years	1,033,684	1,033,684
	₱4,994,052	₱4,994,052

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
As at January 1	19,415,429	19,415,429
Additions	-	-
Lease termination	(6,323,431)	(6,323,431)
Lease modification	-	-
Interest expense	905,309	905,309
Payments	(9,003,255)	(9,003,255)
As at March 31 and December 31	₱4,994,052	₱4,994,052

Right-of-use assets

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at January 1	16,531,808	16,531,808
Additions	-	-
Lease modification	1,465,006	1,465,006
Depreciation of right-of-use assets	(13,450,197)	(13,450,197)
Balance at March 31 and December 31	₱4,546,617	₱4,546,617

17 Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's evaluation of relevant facts, historical experience and other factors, including expectations of future events, that are believed to be reasonable as at reporting date. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

<u>Critical accounting estimates</u>

Allowance for ECL of loans and other receivables (Note 3)

The Company reviews its loan portfolio to assess impairment on a regular basis. In determining whether an loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.
Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. On the basis of existing knowledge, it is reasonably possible that outcomes within the next financial year, which are different from the assumptions used, may amount to a material difference compared to this year's impairment loss. It is, however, impracticable to estimate the impact of such difference in outcomes.

Based on the Company's assessment, provision for impairment losses is required as at December 31, 2024 amounting to P19.35 million (2023 – P32.18 million). Allowance for impairment written off in 2024 amounted to P34.90 million (2023 – P15.80 million) after the Company exhausted all efforts and means to collect the amount due

Estimation of retirement benefit obligation (Note 14)

The determination of retirement benefit obligation is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions include the determination of discount rate and future salary increases, among others. Due to the long-term nature of the retirement plan, such judgments are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are appropriate for the term of the liability of the plan.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and the related obligation. The possible effects of sensitivities surrounding the actuarial assumptions of the Company at the reporting date are disclosed in Note 14.

Determining the incremental borrowing rates (Note 16)

The Company's weighted average incremental borrowing rate applied to measure its lease liabilities arising from the lease contracts in 2024 was 4.37%. The rate was determined in reference to the prevailing bank lending rates that are reflective of the Company's own credit risk taking into consideration the nature of the leased asset and other terms and conditions of the lease contracts.

Critical accounting judgments

Impairment of investment properties (Note 6)

The Company assesses whether there are any indicators of impairment on its investment properties at the end of each reporting period. Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

As at June 30, 2025 and December 31, 2024, the Company did not recognize any additional impairment loss on its investment properties in the absence of any indicators of impairment, respectively.

Recoverability of DIT assets (Note 13)

The Company reviews its DIT assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DIT asset to be utilized. Significant management judgment is required to determine the amount of DIT assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Company will utilize all or part of its DIT assets. Any DIT asset will be re-measured if it might result to derecognition in cases where the expected tax law to be enacted will impose a possible risk on its realization.

Based on management's assessment, the amount of DIT assets recognized as at June 30, 2025 and December 31, 2024 and June 30, 2024 is fully recoverable and realizable, respectively.

Determining the lease term (Note 16)

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

18 Financial risk and capital management

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. Risk management is carried out through policies approved by the Company's management to minimize potential adverse effects of these risks on the Company's financial performance.

18.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company acknowledges that in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk. In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Company is comfortably placed to meet all its payment obligations as they fall due.

The amounts disclosed in the table below are the expected undiscounted cash flows of financial instruments, including future interest as applicable, which the Company uses to manage the inherent liquidity risk as at June 30, 2025 and December 31, 2024, respectively.

	June 30, 2025 (Unaudited)		
	Up to one year	**Over one year**	**Total**
Financial assets			
Cash	**18,465,881**		**18,465,881**
Loans and other receivables	**713,861,419**	**124,756,892**	**838,618,311**
Security deposits	**4,621,862**		**4,621,862**
Financial assets at FVOCI	**80,000**		**80,000**
Total financial assets	**737,029,162**	**124,756,892**	**861,786,054**
Financial liabilities			
Notes payable	**496,784,942**		**496,784,942**
Accounts payable	**896,870**		**896,870**
Accrued expenses*	**15,585,543**		**15,585,543**
Lease liabilities	**3,960,368**	**1,033,684**	**4,994,052**
Total financial liabilities	**517,227,723**	**1,033,684**	**518,261,407**
Total maturity gap	**219,801,439**	**123,723,208**	**343,524,647**

**Excluding government payables*

	December 31, 2024 (Audited)		
	Up to one year	Over one year	Total
Financial assets			
Cash	19,078,143		19,078,143
Loans and other receivables	535,274,139	322,729,101	858,003,240
Security deposits	4,733,792		4,733,792
Financial assets at FVOCI	80,000		80,000
Total financial assets	559,166,074	322,729,101	881,895,175
Financial liabilities			
Notes payable	510,316,500		510,316,500
Accounts payable	11,890,538		11,890,538
Accrued expenses*	15,956,255		15,956,255
Lease liabilities	3,960,368	1,033,684	4,994,052
Total financial liabilities	542,123,661	1,033,684	543,157,345
Total maturity gap	₱17,042,413	₱321,695,417	₱338,737,830

**Excluding government payables*

The Company expects to generate sufficient cash flows from its operating activities. In addition, the Parent Company is determined to provide financial support and other assistance to the Company to continue its business operations and meet its financial obligations at least for the next twelve (12) months, if the need arises.

18.2 Market risk

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (foreign exchange risk) and market interest rates (fair value, cash flow interest rate risks and price risk).

Foreign exchange risk

The Company is not exposed to foreign exchange risk as it has no financial assets and liabilities denominated in a currency that is not the Company's functional currency.

Interest rate risk

Interest rate risk is the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's exposure to interest rate risk pertains to its notes payable which are repriced periodically, based on the prevailing market interest rates (Note 10). The Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

Price risk

The Company is not exposed to price risk as it does not have equity instruments and securities that are subject to price fluctuations.

18.3 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers, and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The maximum exposure to credit risk relates to the following financial assets as at June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Cash	**17,920,108**	18,620,665	45,336,466
Loans and other receivables (net, ECL allowance)	**713,861,419**	858,003,240	862,200,035
Security deposits	**4,621,862**	4,733,792	4,733,792
	736,403,389	881,357,697	912,270,292

Cash excludes cash on hand. To reduce the Company's credit risk, the Company only maintains cash in domestic universal banks with strong financial standing.

Credit applications go through a process of screening using the Company's credit standards to minimize risk. For certain loans receivables, the Company enters into collateral arrangements with counterparties to limit the duration of exposures. The Company's motorcycle financing business has the motorcycle itself as collateral in case the borrower defaults on its loan. Other receivables from customers are secured by real estate and other chattel properties.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. One example of this is the medical professional market where most doctors are able to pay because of their higher disposable income.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with credit worthy counterparties. The security of loans and receivable is disclosed in Note 3.

The following summarizes the credit quality of the Company's Loans and other receivables:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Stage 1 - Neither past due nor impaired	**693,038,612**	728,350,372	660,052,816
Stage 2 - Past due but not impaired	**206,030,255**	179,380,243	263,044,554
Stage 3 - Impaired	**86,080,113**	91,606,950	99,328,689
	₱985,148,980	₱999,337,565	₱1,022,426,060

Security deposits are made in connection with the lease arrangements (Note 16) with certain lessors.

The credit quality of the portfolio of loans and other receivables can be assessed by reference to the historical experience of the Company with the borrowers. All loans and other receivables neither past due nor impaired are considered high grade and can withstand weak economic conditions. These pertain to borrowers with strong repayment capacity, have excellent liquidity and low leverage. Mostly, these are the accounts with updated amortization payments. Past due accounts are not considered impaired as these are backed-up by collaterals and considered fully collectible based on management's experience.

18.4 Fair value determination

The table below summarizes the carrying amount and fair value of financial assets and liabilities at June 30, 2025 and December 31, 2024, respectively:

	June 30, 2025 (Unaudited)		December 31, 2025 (Audited)	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	**18,465,881**	**18,465,881**	19,078,143	19,078,143
Loans and other receivables, net	**838,618,311**	**838,618,311**	858,003,240	858,003,240
Security deposits	**4,621,862**	**4,621,862**	4,733,792	4,733,792
Financial assets at FVOCI	**80,000**	**80,000**	80,000	80,000
	861,786,054	**861,786,054**	881,895,175	881,895,175
Financial liabilities				
Notes payable	**496,784,942**	**496,784,942**	510,316,500	510,316,500
Accounts payable	**896,870**	**896,870**	11,890,538	11,890,538
Accrued expenses	**15,585,543**	**15,585,543**	15,956,255	15,956,255
Lease liabilities	**4,994,052**	**4,994,052**	4,994,052	4,994,052
	518,261,407	**518,261,407**	543,157,345	543,157,345

The Company uses Market approach in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Company's investment properties as disclosed in Note 6 fall under Level 3 of the fair value hierarchy. The main Level 3 inputs used by the Company pertain to marketability and size.

The Company's financial assets at FVOCI are classified under Level 2 of the fair value hierarchy as at June 30, 2025 and December 31, 2024, respectively.

18.5 Capital management

The primary objectives of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company considers its total equity as capital, excluding remeasurement gains on defined benefit liability. No changes were made in the objectives, policies or procedures in 2024.

Under R.A No. 8556, the Company is required to maintain the following capital requirements:

(a) minimum paid-up capital of P10.00 million; and

(b) additional capital requirements for each branch of P1.00 million for branches established in Metro Manila, P0.50 million for branches established in other classes of cities and P0.25 million for branches established in municipalities.

For the period ended June 30, 2025, December 31, 2024, and June 30, 2024, the Company is compliant with the minimum capital requirements, respectively

The Company is also compliant with the minimum public float of 10% that is required by the PSE where the Company shares also are traded.

19 Summary of material accounting policies

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

19.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with PFRSs requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving estimates and judgments are disclosed in Note 17.

These financial statements are presented in Philippine Peso, which is the Company's functional currency. The Company has no transactions denominated in foreign currency as at and for the period ended June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

19.2 Changes in accounting policies and disclosures

(a) Amendments to existing standards adopted by the Company

The following amendments to existing standards are not mandatory for December 31, 2024 reporting period and have not been early adopted by the Company:

- Amendments to PAS1, *'Presentation of Financial Statements'*, and PFRS Practice Statement 2

  The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

  To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendment to PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*

  The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, *'Income Taxes'*

  The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

  The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  • right-of-use assets and lease liabilities, and
  • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

  The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

(b) Amendments to existing standards not yet adopted by the Company

The following amendments to existing standards are not mandatory for the December 31, 2024 reporting period and have not been early adopted by the Company.

- Amendments to PAS 1, *'Presentation of Financial Statements'*

  Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

  The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

  - the carrying amount of the liability
  - information about the covenants, and
  - facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

  The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

  The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- Amendments to PAS 7, *'Statement of Cash Flows'* and PFRS 7, *'Financial Instruments: Disclosures'*

  The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

  The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

  The terms and conditions of SFAs.

  1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.

  2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

4. Non-cash changes in the carrying amounts of financial liabilities in (b).

5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standard or interpretations effective subsequent to December 31, 2024 that are relevant or expected to have a material impact on the Company's financial statements.

19.3 Property and equipment, net

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on property and equipment is computed using the straight-line method to allocate its costs less their residual values over an estimated useful life of three years.

The expected useful lives of property and equipment are as follows:

Category	Number of years
Furniture, fixtures and equipment	2-5
Leasehold rights and improvements	10 years or the period of the lease, whichever is shorter
Transportation equipment	3-5

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

19.4 Investment properties

Investment properties primarily consist of foreclosed real estate properties. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including any borrowing costs, as applicable.
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Investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and independent valuation experts based on the "market approach". Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. In determining the carrying amount of investment property under the fair value model, the Company does not double-count assets or liabilities that are recognized as separate assets or liabilities.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, '*Revenue from Contracts with Customers'*.

Transfers are made to (or from) investment property only when there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party of ending of construction or development.

19.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

19.5.1 Financial assets

(a) Classification of financial assets

The Company classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income and at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets as at December 31, 2024 and 2023 include those that are measured at amortized cost.

Financial assets at amortized cost

These are the Company's assets that are held for collection of contractual cash flows, which represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses. Impairment losses are presented as a separate line item in the statement of total comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are presented as non-current assets. Financial assets measured at amortized cost comprise cash in bank, loans and other receivables, and security deposits.

(b) Initial recognition and subsequent measurement

Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognized at fair value plus transaction costs.

Financial assets are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment, if any.

(c) Impairment of financial assets carried at amortized cost

The Company assesses the ECL associated with its loans and other receivables measured and classified at amortized cost at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions. The Company has identified no macroeconomic variable that can be considered to materially affect the historical loss rates given the nature of its loan portfolio.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

Definition of default and determination of significant increase in credit risk

The Company defines loans and receivables as in default when the borrower delays on its contractual payments beyond the grace period allowed. The Company compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine if there is a significant increase in credit risk. Since comparison is made between information at reporting date against initial recognition, the deterioration in credit risk may be triggered by qualitative factors such as confirmation of the existence of the borrower, or adverse trends or developments in the market that may affect the borrower or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics affecting the loan portfolio that may lead to significant losses or may result in the collection of the outstanding loan amount to be highly improbable.

Staging assessment

For non-credit impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk since initial recognition. The Company recognized a 12-month ECL for Stage 1 financial assets.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognized a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

Financial assets are classified as Stage 3 when there is an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. The ECL model requires a lifetime ECL for impaired financial assets.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate. ECL is only recognized or released to the extent that there is a subsequent change in the ECL.

Measuring ECL

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- The PD represents the likelihood that the borrower will default (as per “Definition of default” above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.

- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD).

- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, if relevant. These assumptions vary on each loan product.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made in 2024 and 2023.

(d) Impairment of financial assets carried at amortized cost

Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

19.5.2 Financial liabilities

The Company’s financial liabilities are limited to those classified at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Company’s financial liabilities at amortized cost comprise of accounts payable, notes payable, accrued expenses (except for accrued taxes) and lease liabilities.

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not carried at FVTPL are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as non-current liabilities.

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled or has expired.

19.6 Fair value measurement

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

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

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

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

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

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

Financial assets and financial liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Non-financial assets

The fair value of a non-financial asset is measured based on its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

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

19.7 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is an indication that its non- financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The estimated recoverable amount of an asset is the greater of the asset's fair value less costs to sell and value-in-use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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. In determining the fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

19.8 Earnings per share (EPS)

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS; however, the net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

19.9 Income recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instrument using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

For credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount less the allowance for expected credit loss.

Gain or loss on sale of repossessed assets

Gain or loss on sale of repossessed assets is recognized when the Company disposes of its repossessed assets. Gain or loss is computed as the difference between the proceeds of the disposed repossessed assets and its carrying amount.

Other income

Other income is recognized when earned at a point in time, when the related services have been rendered and the right to receive payment is established.

19.10 Employee benefits and retirement benefit obligation

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expense as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefit obligation (asset)

Pension benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Plan assets comprise assets held by the retirement benefit plan which will be used to pay or fund employee benefits.

The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the defined benefit plan. The amount of defined benefit asset recognized in the books is reduced by the amount of asset ceiling.

Remeasurement gains or losses are charged or credited to equity in the period in which they arise. Past service costs are recognized immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. There are no termination benefits paid by the Company as at December 31, 2024 and 2023.

Benefits falling due more than twelve (12) months after the reporting period are discounted to present value.

19.11 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

i. Measurement of lease liabilities

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

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

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

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

iii. Extension and termination options

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

iv. Short-term leases

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

19.12 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DIT

DIT is provided using the balance sheet liability method on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DIT liabilities are recognized for all taxable temporary differences, except where the DIT liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

DIT assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess MCIT over regular CIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry-forward benefits of unused tax credits and unused tax losses can be utilized except:

- where the DIT asset relating to the deductible temporary difference 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, affects neither the accounting income nor taxable income or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, DIT assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of DIT assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the DIT asset to be utilized. Unrecognized DIT assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the DIT asset to be recovered.

DIT assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

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

The following supplementary information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

20.1 Revenue Regulations (RR) No. 15-2010

(a) The Company registered as a percentage taxpayer.

The Company’s other taxes and licenses accrued for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 include the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Gross receipts tax (GRT)	**5,001,943**	11,644,971	4,582,929
Documentary stamp taxes (DST)	**501,347**	894,553	326,175
DST on stock dividends	**0**	19,385	0
License and permit fees	**548,668**	2,940,624	1,468,904
	6,051,958	15,499,533	6,378,008

The above are lodged under “Taxes and Licenses” account in the Company’s statement of total comprehensive income. As at June 30, 2025, December 31, 2024, and June 30, 2024 accrued GRT and DST amounted to P 2,272,261, P4,638,957, P2,270,006and P 82,313, P44,625, P64,786, respectively.

(b) Withholding taxes

Withholding taxes incurred and accrued for the period ended June 30, 2025, December 31, 2024, and June 30, 2024 are as follows:

	June 30, 2024 (Unaudited)	December 31, 2024 (Audited)	June 30, 2024 (Unaudited)
Withholding tax on compensation	**1,338,219**	2,710,330	503,085
Final withholding tax	**0**	30,225	-
Expanded withholding taxes	**3,454,752**	6,888,989	1,144,498
	4,792,971	9,629,544	1,647,583

No withholding taxes were paid to the BIR for the year ended December 31, 2024.

(c) Tax examinations/Tax cases

There are no tax cases nor litigation and/or prosecution in courts or bodies outside the BIR during the year ended December 31, 2024.

20.2 RR No. 34-2020

On December 18, 2020, BIR issued RR N0. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the Related Party Transaction Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of taxpayers prescribed in Section 2 of the RR.

Certification

I, **Charito S. Espiritu,** (Compliance Officer/CFO) of **Makati Finance Corporation** with SEC registration No. 28788 with principal office at 3F Mazda Makati Building 2301 Chino Roces Ave., Brgy. Magallanes, Makati City, in oath state:

1) That on behalf of **Makati Finance Corporation**, I have caused this **SEC Form 17-Q Quarterly Report ended June 30, 2025** to be prepared;

2) That I read and understood its content which are true and correct of my own personal knowledge and/or based on true records;

3) That the Makati Finance Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents file online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of August 2025.

[redacted]

CHARITO S. ESPIRITU
Affiant

SUBSCRIBED AND SWORN to before me this AUG 14 2025 day of August 2025,

NOTARY PUBLIC

DOC. NO. 105
PAGE NO. 22
BOOK NO. XXXIX
SERIES OF 2025

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 2026)
Until December 31, 2026
PTR No.10467471, 01-03-2025; Makati City
IBP Lifetime No. 013595, 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VIII-0012754; 08-27-2024
Ground Floor Makati Terraces Condominium
3650 [illegible] St., Tejeros, Makati City