POLARIS REINSURANCE BROKERS, INC.

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024

POLARIS REINSURANCE BROKERS, INC.

ANNUAL REPORT

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POLARIS REINSURANCE BROKERS, INC.
2024 ANNUAL STATEMENT

BALANCE SHEET

	YEAR ENDING Dec. 31, 2024	PREVIOUS YEAR ENDING Dec. 31, 2023
Current Assets	59,347,195	66,070,841
Non-Current Assets	102,268	21,428
Total Assets	**59,449,463**	**66,092,269**
Current/Total Liabilities	**26,630,355**	**36,013,324**
Retained Earnings (Deficit)	12,819,108	10,078,745
Total Stockholders Equity	20,000,000	20,000,000
Total Liabilities and Equity	**59,449,463**	**66,092,069**

INCOME STATEMENT

	YEAR ENDING Dec. 31, 2024	PREVIOUS YEAR ENDING Dec. 31, 2023
Gross Revenue	17,010,199	18,474,948
Cost Operating Expenses	16,405,993	17,853,929
Operating Profit	604,206	621,019
Other Income	2,600,739	3,292,376
Profit Before Tax	3,204,945	3,913,395
Tax Expense	464,582	487,024
Net Profit/Total Comprehensive Income	**2,740,363**	**3,426,371**

ELECTED DIRECTORS AND OFFICERS FOR THE YEAR 2024

PATRICK YAP	CHAIRMAN OF THE BOARD
LOUIE VIZCARRA	PRESIDENT
ABEGAEL ISELLE GO	EXECUTIVE VICE PRESIDENT
EDWINA CABELLON	TREASURER
ERIC DALIJA	CORP. SECRETARY

December 27, 2024

The Board of Directors
POLARIS REINSURANCE BROKERS, INC.
5th Floor, BA Lepanto Bldg.
Paseo de Roxas, Makati City

THRU : Mr. FRANCIS ALMIRA, President

SUBJECT: *RENEWAL – EXTERNAL AUDIT – CY 2024*

Ladies and Gentlemen:

In response to your request, we are pleased to submit our renewal to provide professional external audit services involving the books of accounts and financial statements of **POLARIS REINSURANCE BROKERS, INC.** for calendar year ended December 31, 2024.

The attached renewal discusses in detail the following:

- Objective
- Scope of Work and Responsibilities
- Management Responsibilities and Representations
- Deliverables
- Professional Fees and Expenses
- Firm's and Partner's Accreditation
- Other Provisions

If the terms of this proposed professional engagement merit your approval, please sign on the space provided for below and return a copy of this renewal to us. We shall be pleased to discuss the renewal with you in detail at your soonest convenience.

Thank you for giving us this opportunity to offer our services to your Company.

Very truly yours,

EFREN N. ACYATAN
Senior Partner

CONFORME:

By: ________________________________ **Date:** __________________________
(Signature over Printed Name)

12th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City – 1550 PHILIPPINES
Tel # (+632) 8726-7961 to 62; (+632) 8722-9612 Fax # (+632) 7723-9516 – www.acyatancpa.com

POLARIS REINSURANCE BROKERS, INC.
5th Floor, BA Lepanto Bldg., Paseo de Roxas, Makati City

RENEWAL FOR EXTERNAL AUDIT

OBJECTIVE

The objective of our professional external audit services is to provide you with our auditor's report expressing an opinion on the financial statements of **POLARIS REINSURANCE BROKERS, INC.** for calendar year ended December 31, 2024.

SCOPE OF WORK AND RESPONSIBILITIES

Audit In Accordance with Philippine Standards on Auditing

We will conduct our audit in accordance with Philippine Standards on Auditing (PSA), which require that we obtain reasonable, rather than absolute assurance that the financial statements as a whole are free of material misstatements, whether caused by error or fraud and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Our Responsibility to Regulatory Agencies

Insurance Commission (IC)

As part of our responsibility as an accredited external auditor of the Insurance Commission (IC) and pursuant to the provisions of IC Circular No. 29-2009, Section 10, we shall report to the IC any of the following cases, which may have been discovered based on PSA:

1. Within thirty (30) calendar days after discovery

    a. Any material findings involving fraud or error, as defined under Section 3.3 and 3.4;

    b. Under-reserving on Incurred But Not Reported (IBNR) losses/policy reserves, the aggregate of which leads to capital deficiency/impairment;

    c. Any findings to the effect that the consolidated assets of the Company on a going-concern basis, are no longer adequate to cover the total liabilities;

    d. Material internal control weaknesses which may lead to financial reporting problems;

    e. Termination or resignation as external auditor and stating the reason therefor;

    f. Discovery of a material breach of laws or IC rules and regulations; and

    g. Findings on matters of corporate governance that may require urgent action by IC.

2. In case there are no matters to report (e.g. fraud, dishonesty, breach of laws, etc.) we shall submit directly to IC within 15 calendar days after the closing of the audit engagement a notarized certification that there is none to report.

The Company's management shall be informed of the adverse findings. Our report to the IC shall include the Company's pertinent explanation and/or corrective action.

The management of the Company, shall be given the opportunity to be present in our discussions with IC regarding the audit findings, except in circumstances where we believe that the Company's management is involved in fraudulent conduct.

Our disclosure of the above information to the IC shall not be a ground for civil, criminal or disciplinary proceedings against us.

Furthermore, it is understood that our accountability as external auditor is based on matters within the normal coverage of an audit conducted in accordance with PSA and identified non-audit services provided herewith. Other than the foregoing provisions, we do not specifically review the Company's compliance with IC regulations.

Securities and Exchange Commission (SEC)

Also, as part of our responsibility as an accredited external auditor of the Securities and Exchange Commission (SEC) and in compliance with the requirements of SEC Memorandum Circular No. 13, Series of 2009, we shall report to the SEC any of the following cases which may have been discovered based on PSA, if the Company fails to disclose the same to the SEC:

1. Any material findings involving fraud or error, which will reduce the consolidated total assets of the Company by five percent (5%);

2. Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company;

3. Any findings to the effect that the consolidated assets of the Company, on a going concern basis are no longer adequate to cover the total claims of the creditors.

4. Material internal control weakness which may lead to financial reporting problem.

Our disclosure of the above information to the SEC shall not be a ground for civil, criminal or disciplinary proceedings against us.

Value Added Services

In order to update you of recent and relevant development in taxation, we will furnish you with our monthly publication of the BUSINESS UPDATES, which summarizes recently issued regulations and rulings by the Bureau of Internal Revenue, Court of Tax Appeals, Securities and Exchange Commission and the Bangko Sentral ng Pilipinas.

MANAGEMENT RESPONSIBILITIES AND REPRESENTATIONS

Preparation of Financial Statements

The responsibility for the preparation and fair presentation of the financial statements including adequate disclosures thereon in accordance with applicable accounting standards is that of the Company's Management. This includes the maintenance of adequate accounting records and such internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As required by Philippine Standards on Auditing and pertinent regulations of the Securities and Exchange Commission, we will make specific inquiries to Management and will request the Company Management's written confirmation concerning representations contained in the financial statements and the effectiveness of the internal control structure. The results of our audit tests, the responses to our inquiries and written representations constitute the evidential matter we intend to rely upon in forming an opinion on the financial statements. As such, we expect Management to provide us with complete, accurate, and timely information during the course of our audit.

Keeping of Updated Books and
Compliance with Accounting Standards

The Company shall be responsible for keeping their books updated and compliant with existing accounting standards. The Company shall likewise help in the early completion of the audit by providing the necessary assistance and by promptly and efficiently preparing any schedules and analyses, which may be required during the audit.

Supplementary Information Required
Under BIR Revenue Regulations No. 15-2010

Management is also responsible for the supplementary information on taxes, duties and license fees paid or accrued during the taxable year as required by Revenue Regulations No. 15-201 issued by the Bureau of Internal Revenue (BIR).

Additional Components of Financial Statements
Required Under SRC Rule 68, as Amended

Management is likewise responsible for the supplementary information required by part I, Section 4 of Securities Regulation Code (SRC) Rule 68, as amended, that may be applicable for the Company.

Preparation of ITR and GFFS

The preparation of the income and other tax returns and the general form for financial statements (GFFS) of the Company and the information contained therein are the responsibility of Management.

We will, however, assist the Company in computing their annual income tax expense. The detailed preparation of the ITR and detailed verification of the items of income and expense shall be the responsibility of the Company.

<u>DELIVERABLES</u>

Upon completion of the audit, we will submit the following:

1. An auditor's report, containing our opinion on the Company's financial statements;

2. If applicable, an auditor's report on the supplementary information required by Part 1, Section 4 of the Securities Regulation Code (SRC) Rule 68 (as amended in 2011);

3. A Supplemental Written Statement Report as to the number of stockholders owning one hundred (100) or more shares, as required by the SRC Rule 68, as amended;

4. An auditor's report to accompany the financial statements and the annual income tax return of the Company for filing with the Bureau of Internal Revenue (BIR) in compliance with BIR Revenue Regulation V-20;

5. A management letter, if warranted, detailing our findings, comments and recommendations for improving the Company's internal control and financial and administrative procedures; and, compliance with the requirements of government regulatory agencies such as the BIR and the SEC.

PROFESSIONAL FEES AND EXPENSES

Professional Fees
Our professional fees are based on the number and seniority of staff required, the degree of skill and responsibility involved and the resources required in completing the engagement. For this particular engagement, we propose a fee of PESOS: SIXTY FIVE THOUSAND (₱65,000.00) only, inclusive of the 12% VAT.

Out-of-pocket Expenses
Out-of-pocket expenses will be billed to you as these are incurred. These amounts usually consist of transportation, communication, supplies and other necessary expenses incurred by our professional staff during their conduct of the audit.

Billing
Upon acceptance of this engagement, we shall bill you the equivalent of thirty (30%) percent of the professional fees, to be deducted from the final billing of the engagement. We shall bill you the balance upon completion of the required reports.

FIRM'S and PARTNER'S ACCREDITATION

For your reference and in order to assist you in complying with the requirements of the Securities and Exchange Commission (SEC) as per Memorandum Circular No., 16, Series of 2009, *Reminders on the Preparation and Audit of Annual Financial Statements*, we are enclosing the following Certificates of Accreditation of ACYATAN & CO., CPAs and Mr. EFREN N. ACYATAN.

Professional Regulation Commission/ Board of Accountancy	Annex "A"
Securities and Exchange Commission	Annex "B" and "B-1"
Insurance Commission	Annex "C" and "C-1"
Bureau of Internal Revenue	Annex "D" and "D-1"

STANDARD TERMS AND CONDITIONS (STC)

In addition to the terms specified in this engagement letter, the terms set out in the attached document entitled "Standard Terms and Conditions of Professional Engagement" also form part of this engagement.

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STANDARD TERMS AND CONDITIONS OF PROFESSIONAL ENGAGEMENT

These standard terms and conditions are to be read together with our engagement letter provided to you. All these are applicable to all services that we perform for you as described in that letter of engagement. In case of inconsistency between the terms in the engagement letter and these standard terms and conditions, the former shall prevail.

OUR OBLIGATIONS

Our firm will provide the services as described in our engagement letter with the reasonable skill and care and exert all efforts to complete the services within the agreed time, and the Auditor in-charge will attend the company Board Meeting. However, the quality and timely delivery of our services will depend on inputs from you and other necessary parties.

MANAGEMENT OBLIGATIONS

In order for us to fulfill our obligations, the Management agrees to provide us with complete, accurate and timely information. We are entitled to rely on the accuracy of that information provided by you, your representatives, or your advisers without independently verifying it.

We are permitted to access the files, accounting records, other documents including, contract of agreements, minute books, share registers, financial statements, vouchers, correspondence and any other information and explanations which we require for the purpose of the audit.

The Management must provide all needed resources that are reasonably necessary to ensure timely approval, development and sign-off of all project plans, specifications, accounts and deliverables.

DELAYS

We will not be liable for any unanticipated problems or delay in performing the agreed services if that problem or delay arises from anything beyond our control - including the untimely performance by you of your obligations.

In addition, if the delay is substantial, we are entitled to review and discuss with you any additional fees that we may bill you, otherwise terminate the service engagement.

CONFIDENTIALITY

Both parties should take reasonable steps to maintain (within our respective organizations) the confidentiality of any proprietary or confidential information of the other. If you wish to provide a third party with copies of our reports, letters, information or advice, then we reserves the right to: (1) set the terms on which those copies are given or used; (2) or require the third party to enter into a direct relationship with us.

FEES AND EXPENSES

Our fees are based on the number and seniority of staff required, the degree of skill and responsibility involved, the resources required to complete the engagement. In addition to our fees, we will also charge for any reasonable expenses (out-of-pocket expenses (OPE) incurred during the engagement, including but not limited to travel, meals and accommodation.

PAYMENT

Payment of fees and expenses should be made within 30 days from the billing date. We reserve the right to discontinue any further work for you until all outstanding accounts are paid in full.

INTELLECTUAL PROPERTY RIGHTS

Our firm will retain all copyright and other intellectual property rights in everything developed, designed or created by us, either before or during the course of an engagement, including systems methodologies, software, know-how and working papers. We will also retain all copyright and other intellectual property rights in all reports, written advice or other materials provided by us to you, although the fees you pay us allow you to use those materials for the purposes for which they were created under this engagement.

FORCE MAJEURE

Neither you nor our firm will be liable in any way for failure to perform, or delay in performing, our respective obligations under this engagement if the failure or delay is due to causes outside the reasonable control of the party that has failed to perform.

LIABILITY CLAUSE

Our firm's liability relating to professional services rendered under this renewal shall be limited to actual damages sustained by you as a direct result of our firm's grossly negligent or willful act or omission arising out of or in connection with this engagement, provided, that in all cases, our firm's liability shall be only up to the extent of the fees (net of VAT) received by us for providing the services.

TERMINATION

Our engagement may be terminated with immediate effect by either party by notice in writing to the other party with one (1) week prior notice. If termination occurs, fees and expenses incurred to the date of termination are payable by you.

Upon termination for any reason, the parties shall return each other's confidential information, but our firm may retain a set of our working papers even if they contain confidential information of the client.

GOVERNING LAW AND JURISDICTION

All aspects of our services and the engagement letter are governed by and construed in accordance with the laws of the Republic of the Philippines and any dispute arising out of this engagement or these terms shall be subject to the exclusive jurisdiction of the Philippine courts, to which both parties hereby agree to submit for these purposes.

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