ACYATAN & CO.
Certified Public Accountants

POLARIS REINSURANCE BROKERS, INC.

Financial Statements
December 31, 2024 and 2023

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **POLARIS REINSURANCE BROKERS, INC.** (the "Company"), which comprise the Statements of Financial Position as of December 31, 2024 and 2023, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, and Notes to Financial Statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **POLARIS REINSURANCE BROKERS, INC.** as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Opinion

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

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

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

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

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

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI CITY
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
RECEIVED
INITIAL: DATE:
RCO'S NAME: EDWIN S. RUSTIA RCO CODE: 6847
APR 30 2025

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, along with any related safeguards, where applicable.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 as disclosed in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ACYATAN & CO., CPAs

EFREN N. ACYATAN
Senior Partner
CPA Certificate No. 074169
Tax Identification No. 101-085-150
BOA/PRC Accreditation No. 0141 effective until April 30, 2026
SEC Group C Accreditation
    Partner No. 74169-SEC, effective until Financial Period 2025
    Firm No. 0141-SEC, effective until Financial Period 2025
BIR Accreditation No. 07-100941-002-2025
    Issued on March 11, 2025, effective until March 11, 2028
PTR No. 5715432; Issued on 01-03-2025 at Mandaluyong City

April 15, 2025
Mandaluyong City-Philippines

INDEPENDENT AUDITORS' REPORT
(In compliance with SRC Rule 68)

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

We have audited the accompanying financial statements of **POLARIS REINSURANCE BROKERS, INC.** (the "Company") for the calendar year ended December 31, 2024, on which we have rendered the attached report dated April 15, 2025

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning one hundred (100) or more shares each of the Company's capital stock as of December 31, 2024, as disclosed in Note 12 to the financial statements.

ACYATAN & CO., CPAs

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of **POLARIS REINSURANCE BROKERS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

PATRICK YAP	**FRANCIS ALMIRA**	**EDWINA CABELLON**
Chairman of the Board	**President**	**Treasurer**

Signed this 15th day of April, 2025.

POLARIS REINSURANCE BROKERS, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2024 and 2023

(In Philippine Peso)	*Notes*	**2024**	2023
ASSETS			
CURRENT ASSETS			
Cash	*5*	**28,893,237**	48,564,935
Trade and Other Receivables	*6*	**30,301,766**	17,287,353
Other Current Assets	*7*	**152,192**	218,353
		59,347,195	66,070,641
NONCURRENT ASSETS			
Property and Equipment, Net	*8*	**102,268**	21,428
TOTAL ASSETS		**59,449,463**	66,092,069
LIABILITIES AND EQUITY			
LIABILITIES			
Due to Reinsurers	*9*	**4,281,263**	15,711,638
Trade and Other Payables	*10*	**21,854,127**	17,227,425
Income Tax Payable	*19*	**166,306**	203,937
Other Current Liabilities	*11*	**328,658**	2,870,324
TOTAL LIABILITIES		**26,630,355**	36,013,324
EQUITY			
Share Capital	*12*	**20,000,000**	20,000,000
Retained Earnings	*12*	**12,819,108**	10,078,745
TOTAL EQUITY		**32,819,108**	30,078,745
TOTAL LIABILITIES AND EQUITY		**59,449,463**	66,092,069

(See Accompanying Notes to Financial Statements)

POLARIS REINSURANCE BROKERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)	*Notes*	**2024**	2023
REVENUE	*13*	**17,010,199**	18,474,948
DIRECT COSTS	*14*	**(8,232,085)**	(9,919,564)
GROSS PROFIT		**8,778,113**	8,555,384
OTHER INCOME	*15*	**2,600,739**	3,292,376
GROSS INCOME		**11,378,852**	11,847,760
OPERATING EXPENSES	*16*	**(8,122,335)**	(7,932,765)
OTHER OPERATING EXPENSES	*17*	**(51,572)**	(1,600)
INCOME BEFORE TAX		**3,204,944**	3,913,395
INCOME TAX EXPENSE	*19*	**(464,582)**	(487,024)
NET INCOME		**2,740,363**	3,426,371

The Company has no other comprehensive income for the period ended December 31, 2024 and 2023.

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SOUTH MAKATI
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INITIAL: DATE:
RCO'S NAME: EDWIN S. RUSTIA RCO CODE: 8847
APR 3 0 2025

POLARIS REINSURANCE BROKERS, INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)	Share Capital *Note 12*	Retained Earnings *Note 12*	Total
Balances at December 31, 2022	20,000,000	6,652,374	26,652,374
Net Income	-	3,426,371	3,426,371
Balances at December 31, 2023	**20,000,000**	**10,078,745**	**30,078,745**
Net Income	**-**	**2,740,363**	**2,740,363**
Balances at December 31, 2024	**20,000,000**	**12,819,108**	**32,819,108**

(See Accompanying Notes to Financial Statements)

POLARIS REINSURANCE BROKERS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)	*Notes*	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income Before Tax		**3,204,944**	3,913,395
Adjustments:			
Depreciation	*8*	**44,131**	18,368
Interest Income	*15*	**(882,034)**	(1,478,275)
Operating Income before Working Capital Changes		**2,367,041**	2,453,487
(Increase) Decrease in Assets:			
Trade and Other Receivables	*6*	**(13,014,413)**	(9,101,889)
Other Current Assets	*7*	**66,161**	120,365
Increase (Decrease) in Liabilities:			
Trade and Other Payables	*10*	**4,626,703**	10,153,019
Due to Reinsurers	*9*	**(11,430,375)**	3,641,653
Other Current Liabilities	*11*	**(2,541,665)**	12,597
Cash Generated from/(Used in) Operations		**(19,926,548)**	7,279,232
Interest Received	*15*	**882,034**	1,478,275
Income Tax Paid	*19*	**(502,213)**	(647,846)
Net Cash Provided by/(Used in) Operating Activities		**(19,546,727)**	8,109,661
CASH FLOWS TO INVESTING ACTIVITIES			
Acquisition of Property and Equipment	*8*	**(124,971)**	-
NET INCREASE/(DECREASE) IN CASH		**(19,671,698)**	8,109,661
CASH, JANUARY 1		**48,564,935**	40,455,274
CASH, DECEMBER 31	5	**28,893,237**	48,564,935

The Company has no transaction involving financing activity during the years 2024 and 2023.

(See Accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - GENERAL INFORMATION

POLARIS REINSURANCE BROKERS, INC. (the Company) was registered with the Securities and Exchange Commission (SEC) on January 26, 2010 under SEC Registration No. CS2010000847. It was incorporated primarily to engage in the business of reinsurance brokerage for non-life insurance.

The registered office address of the Company is at 5th Floor, BA Lepanto Bldg. Paseo de Roxas, Makati City.

Approval for Issuance of Audited Financial Statements
On April 15, 2025, the Management and the Board of Directors approved and authorized the issuance of these audited financial statements as of and for the year ended December 31, 2024 (including the comparatives for the year ended December 31, 2023). The Board of Directors of the Company is still empowered to make revisions even after the date of issue.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of Compliance
The financial statements have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS) Accounting Standards as adopted by the Philippine Financial and Sustainability Reporting Standards Council.

The Company adopted PFRS Accounting Standards in the preparation of the financial statements as the Company is a holder of a secondary license issued by the Securities and Exchange Commission.

Functional and Presentation Currency
They are presented in Philippine Peso (₱) which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement
The financial statements have been prepared on a historical costs basis unless stated otherwise.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policy information that has been used in the preparation of these financial statements is summarized in the succeeding pages. These policies have been consistently applied with those of the previous financial year presented, unless otherwise stated.

Adoption of Amended Philippine Financial Reporting Standard (PFRS)

Effective in 2024 that are relevant to the Company
The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2024: The application of these amendments had no significant impact on the Company's financial statements, unless otherwise stated.

- **Amendments to PAS 1,** *Non-current Liabilities with Covenants* (effective from January 1, 2024) – The amendments clarify that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. The amendments also stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability and adding guidance about lending conditions and how these can impact classification including requirements for liabilities that can be settled using an entity's own instruments.

- **Amendments to PAS 7,** *Cash Flow Statements* **and PFRS 7,** *Financial Statements disclosures - Supplier Finance Arrangements* (effective from January 1, 2024) – The amendments require additional disclosures that complement the existing disclosures in these two Standards. They require entities to disclose the terms and conditions of the arrangement, the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position, ranges payment due dates, and liquidity risk information.

Effective in 2024 that is not relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2024, the amendments to PFRS 16, *Lease Liability in a Sale and Leaseback,* are not relevant to the Company's financial statements.

Effective Subsequent to 2024 but not Adopted Early
There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

- **Amendments to PAS 21,** *The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025) – The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements.

- **PFRS 17,** *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

  In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025. Subsequently, in October 2024, the IC issued Circular Letters 2024-19 and 2024-20, further deferring the adoption dates for Mutual Benefit Associations (MBAs) and Health Maintenance Organizations (HMOs). The Securities and Exchange Commission (SEC) approved this deferral, setting the new effective dates as January 1, 2030, for MBAs and January 1, 2027, for HMOs.

- **Amendments to PFRS 9 and PFRS 7:** ***Classification and Measurement of Financial Instruments*** (effective from January 1, 2026) – These amendments aim to enhance clarity and consistency in the application of financial instrument standards. Key changes include:

  - **Derecognition of Financial Liabilities Settled Through Electronic Payment Systems:** Provides guidance on when a financial liability should be derecognized upon settlement via electronic payment, allowing for derecognition before the settlement date if specific criteria are met.

- **Assessment of Contractual Cash Flows:** Offers additional guidance to determine whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement, including considerations for features related to environmental, social, and governance (ESG) matters.

- **Clarification on Non-Recourse Features and Contractually Linked Instruments:** Clarifies definitions and assessment criteria for non-recourse features and contractually linked instruments to ensure accurate classification and measurement.

- **Enhanced Disclosure Requirements in PFRS 7:** Introduces new disclosures for investments in equity instruments designated at fair value through other comprehensive income and for financial instruments with contractual terms that could change cash flows based on contingent events.

These amendments aim to address issues identified during the post-implementation review of PFRS 9 and promote consistent application of the standards. Early adoption is permitted, with entities required to apply the amendments retrospectively, though restatement of prior periods is not mandatory unless it can be demonstrated that hindsight was not applied.

- **Annual Improvements to PFRS - Volume 11** – This set of amendments aims to enhance clarity, consistency, and usability of financial reporting by addressing minor inconsistencies and improving the wording of certain standards without altering their fundamental principles. The improvements include:

  - **PFRS 9, Financial Instruments** – Clarifies the treatment of transaction price references and provides guidance on lessee derecognition of lease liabilities.

  - **PFRS 7, Financial Instruments: Disclosures** – Updates disclosure requirements related to gain or loss on derecognition, credit risk disclosures, and terminology alignment with PFRS 13.

  - **PFRS 1, First-time Adoption of PFRS** – Enhances guidance on hedge accounting for first-time adopters by aligning terminology with PFRS 9.

  - **PFRS 10, Consolidated Financial Statements** – Provides clarification on assessing whether an entity is acting as a de facto agent.

  - **PAS 7, Statement of Cash Flows** - Updates outdated terminology by replacing "cost method" with "at cost" to align with current standards.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

- **PFRS 18,** ***Presentation and Disclosure in Financial Statements*** (effective from January 1, 2025) – This standard introduces new requirements for the presentation and disclosure of financial statements, replacing certain aspects of PAS 1, Presentation of Financial Statements. It aims to improve transparency and comparability by requiring entities to classify income and expenses into defined categories within the statement of profit or loss. The standard also enhances disclosures related to management-defined performance measures, ensuring consistency in financial reporting.

- **PFRS 19,** ***Subsidiaries without Public Accountability*** (effective from January 1, 2027) - This standard provides a simplified reporting framework for subsidiaries that do not have public accountability but are required to prepare financial statements under PFRS. It allows eligible entities to apply a reduced set of recognition, measurement, and disclosure requirements while maintaining consistency with full PFRS. The objective is to ease the financial reporting burden on subsidiaries while ensuring comparability with parent company financial statements.

<u>Financial Instruments</u>

Initial Recognition and Measurement
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company classifies its financial assets at initial recognition under the following categories:
(a) Financial assets at FVPL,
(b) Financial assets at amortized cost and
(c) Financial assets at fair value through other comprehensive income (FVOCI).

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL
Financial assets and liabilities at FVPL are either classified as held for trading or designated as FVPL.

This category includes equity instruments which the Company had not irrevocably elected to classify as FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and to sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.
For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2024 and 2023, the Company does not have financial assets and liabilities classified as FVPL.

Financial Assets at Amortized Cost
Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2024 and 2023, the Company's cash, and trade and other receivables are classified under this category.

Financial Assets at FVOCI
For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial Assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in OCI.

Interest income on debt instruments is calculated using the effective interest method while impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2024 and 2023, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2024 and 2023, the Company's due to reinsurers, and trade and other payables accounts are classified under this category.

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets
The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For loans and receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. For debt instruments that are considered impaired, lifetime ECL is computed based on the difference between the carrying amount of the instrument and the present value of the expected cash flows discounted using the original effective rate.

Derecognition of Financial Assets and Liabilities
Financial Asset
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statements of Comprehensive Income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the Statements of Comprehensive Income. On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Statements of Financial Position.

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset has expired or when the Company has transferred to another party substantially all of the risks and rewards of ownership of the financial asset.

Other Current Assets

This account includes prepayments and other current assets. Prepayments represent advance payments for insurance and refundable deposits which the Company expects to consume within one year. Other current assets include input tax. Prepayments and other current assets are stated in the Statements of Financial Position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes the purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized to allocate the cost of assets less their residual values over their estimated useful lives. Office equipment is depreciated over its useful life of five (5) years.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Other Current Liabilities

This account includes VAT payable, withholding taxes payables, and SSS, PHIC and HDMF payable. Other current liabilities are stated in the Statements of Financial Position at an undiscounted amount.

Equity

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

Retained Earnings
Retained earnings include income earned in current and prior periods net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of the consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized at a point in time.

Commission income
Commission income is generally recognized upon receipt of binder of the underlying insurance policy. Premium due from insured are collectible by the company for the account of the insurer and are remittable to them within the credit term.

Interest income
Interest income is recognized as it accrues.

Expense Recognition
Expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the goods or services are received or when the expenses are incurred.

Direct Costs
Direct costs are recognized in profit or loss in the period incurred.

Operating Expenses
This account includes general and administrative expenses. General and administrative expenses represent expenses such as salaries and other benefits, common usage expenses, impairment losses, consultancy fees, taxes and licenses, representation, and other costs that cannot be associated directly with the goods sold or the services rendered.

Finance Costs
Finance costs comprise interest expense on borrowings and other bank charges. These are recognized in profit or loss in the period they are incurred using the effective interest method.

Employee Benefits
Short-Term Benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered.

Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Retirement Benefits
The Company currently does not have a formal retirement plan for its employees. It evaluated the financial impact of the earned retirement benefits for its employees based on Republic Act (RA) 7641, Philippine Retirement Pay Law", which requires an entity to pay a minimum retirement benefit to its employees who retire after reaching the mandatory retirement age of 65 or the optional age of 60 years old with at least five (5) years of service to the Company. The retirement benefit is equivalent to one-half month of the latest basic pay for every year of service.

Income Taxes

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any Net Operating Loss Carry Over (NOLCO) or excess of Minimum Corporate Income Tax (MCIT) over the Regular Corporate Income Tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Related Parties

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign Currency

Foreign currency transactions are initially recognized using the spot rate of exchange at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency using the closing rate as of the reporting date. Gains and losses arising from foreign currency transactions are recognized immediately in profit and loss.

Provisions and Contingencies

Provisions are recognized only when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to transfer economic benefits in a settlement, and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in Accounting Policies and Estimates and Correction of Prior Years' Errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are treated as an adjustment of the opening retained earnings of the current period.

Changes in accounting estimates are recognized prospectively by reflecting it in the profit and loss in the period of the change if the changes affect that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent Events
Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after the period end (non-adjusting events) are disclosed in the notes to the financial statements.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

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

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgment

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

Assessment of Impairment of Nonfinancial Assets
The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value on underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial

statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss was recognized in the Company's financial statements in either 2024 or 2023.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Allowance for Impairment Losses
The Company assesses whether objective evidence of impairment exist for receivables and due from related parties that are individually significant and collectively for receivables that are not individually significant. Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables.

During the year 2024, an additional allowance for impairment losses on receivables was recognized amounting to ₱600,000. As of December 31, 2024 and 2023, the carrying values of receivables amounted to ₱30,301,766 and ₱17,287,353, respectively.

Estimated Useful Lives of Property and Equipment
The Company estimated the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of the property and equipment based on expected asset utilization.

There was no change in the estimated useful life of property and equipment in 2024 and 2023. As of December 31, 2024 and 2023, the net book values of property and equipment amounted to ₱102,268 and ₱21,428, respectively.

Impairment of Assets
The Company assesses annually whether there is any indication that an asset is impaired. If any such indication exists, the Company estimates the recoverable amount of the asset in accordance with the Company's accounting policy.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

There were no impairment loss recognized in 2024 and 2023.

NOTE 5 - CASH

The account consists of the following:

(In Philippine Peso)	**2024**	2023
Cash on Hand	**15,000**	15,000
Cash in Bank	**28,878,237**	48,549,935
Total	**28,893,237**	48,564,935

Interest income earned on cash in bank (net of 20% final tax) amounted to ₱882,034 and ₱1,478,275 as of December 31, 2024 and 2023, respectively *(Note 15 & 19)*. This is included under Other Income in the Statements of Comprehensive Income.

NOTE 6 - TRADE AND OTHER RECEIVABLES

This account consists of:

(In Philippine Peso)	**2024**	2023
Commission Receivables	**18,569,700**	18,036,375
Other Receivables	**14,932,066**	1,850,978
	33,501,766	19,887,353
Less: Allowance for Credit Losses	**(3,200,000)**	(2,600,000)
Total	**30,301,766**	17,287,353

Commission Receivables are non-interest-bearing and are generally on a one hundred twenty (120) day term.

Premium Receivables represents premiums to be collected from assured for remittance to reinsurers. These are carried at amount of premium collections net of brokerage income.

Other Receivables represent advances to officer and employees and are subject to liquidation.

Movement of the allowance for credit losses for Trade and Other Receivables of the Company are as follows:

(In Philippine Peso)	**2024**	2023
Beginning Balance	**2,600,000**	2,341,552
Provision for Credit Losses	**600,000**	258,228
Write-off/Reversal	**-**	-
Ending Balance *(see Note 21)*	**3,200,000**	2,600,000

NOTE 7 - OTHER CURRENT ASSETS

This account consists of:

(In Philippine Peso)	**2024**	2023
Input VAT *(see Note 23)*	**-**	7,251
Prepayments	**152,192**	211,102
Total	**152,192**	218,353

Input VAT pertains to the VAT included in the purchase of goods and services.

Prepayments include payments for insurance, membership fees, licenses, and refundable deposit.

NOTE 8 - PROPERTY AND EQUIPMENT, NET

Movement of property and equipment in 2024 is as follows:

(In Philippine Peso)	2024	2023
Costs:		
Beginning Balance	**590,138**	590,138
Additions	**124,971**	-
Ending Balance	**715,109**	590,138
Accumulated Depreciation:		
Beginning Balance	**568,710**	550,342
Depreciation	**44,131**	18,368
Ending Balance	**612,841**	568,710
Net Book Values	**102,268**	21,428

Depreciation charged to operations amounted to ₱44,131 and ₱18,368 for the year ended 2024 and 2023, respectively.

Management has reviewed the carrying values of property and equipment as of December 31, 2024 and 2023 for any impairment. Based on its evaluation, there were no indications that the assets are impaired.

NOTE 9 - DUE TO REINSURERS

This represents payments received from assured for remittance to reinsurers. These are carried at amount of premium collections net of brokerage income. These are noninterest-bearing and are normally settled within ninety (90) days to one hundred twenty (120) days. The amount of the Company's due to its reinsurers is presented as follows:

(In Philippine Peso)	2024	2023
Balance at the Beginning of the Year	**15,711,638**	12,069,985
Net Movements	**(11,430,375)**	3,641,653
Balance at the End of the Year	**4,281,263**	15,711,638

NOTE 10 - TRADE AND OTHER PAYABLES

The account consists of the following:

(In Philippine Peso)	2024	2023
Due to Ceding Companies	**20,982,499**	2,203,584
Accrued Expenses	**176,788**	232,367
Other Payables	**694,840**	14,791,474
Total	**21,854,127**	17,227,425

Due to Ceding Companies include unremitted claim recoveries from reinsurers and advances from customers for overpayments made by the cedant for the period.

Accrued Expenses comprise salaries, wages and employee benefits.

Other Payables include 13th month payables and accounts payable.

All liabilities are expected to be settled within twelve (12) months after the reporting date.

NOTE 11 - OTHER CURRENT LIABILITIES

The account consists of the following:

(In Philippine Peso)	2024	2023
Deferred VAT Output	**187,798**	2,749,611
Expanded Withholding Tax	**48,877**	45,420
SSS, PHIC, and HDMF Payables	**64,966**	48,857
Withholding Taxes Compensation	**27,017**	26,436
Total	**328,658**	2,870,324

Deferred VAT Output consists of VAT incurred from its brokerage income, the balance of which pertains to the remaining unpaid balance as of the reporting date.

NOTE 12 - SHARE CAPITAL

Share Capital

The Company is authorized to issue one million (1,000,000) ordinary shares with a par value of ten pesos (₱10.00) per share.

As of December 31, 2024, and 2023, the Company has two (2) shareholders owning 100 or more shares each of the Company's capital stock.

A reconciliation of the shares outstanding at the beginning and the end of the reporting periods follows:

	Number of Shares	**Amount** *(in Philippine Peso)*
Outstanding Shares, December 31, 2023	2,000,000	20,000,000
Issuance	-	-
Reacquisition	-	-
Outstanding Shares, December 31, 2024	**2,000,000**	**20,000,000**

Retained Earnings

The cumulative balances of Retained Earnings as of December 31, 2024 and 2023 is ₱12,819,108 and ₱10,078,745, respectively.

NOTE 13 - COMMISSIONS

Commission income is generally recognized upon receipt of binder of the underlying insurance policy. For the year 2024 and 2023, the Company's commissions amounted to ₱17,010,199 and ₱18,474,948, respectively.

NOTE 14 - DIRECT COSTS

The direct costs account comprised the following:

(In Philippine Peso)	2024	2023
Consultancy, Salaries, Wages and Other Benefits	**3,532,085**	2,919,564
Claims/Cash Calls	**4,700,000**	7,000,000
Total	**8,232,085**	9,919,564

NOTE 15 - OTHER INCOME, NET

The other income account comprised the following:

(In Philippine Peso)	2024	2023
Realized Foreign Exchange Gain	**1,649,945**	1,267,224
Interest Income (net of final tax)	**882,034**	1,478,275
Other Income	**68,760**	546,877
Total	**2,600,739**	3,292,376

NOTE 16 – OPERATING EXPENSES

The account is comprised of the following:

(In Philippine Peso)	2024	2023
Salaries, Wages and Other Benefits	**4,847,403**	4,554,478
Impairment Losses	**600,000**	600,000
Common Usage Expense	**454,734**	684,467
Representation Expense	**443,518**	292,493
Consultancy Fees	**412,085**	543,551
Taxes and Licenses *(Note 23)*	**307,826**	341,518
Seminars and Trainings	**166,130**	44,700
Advertising	**106,516**	-
Insurance Expenses	**86,256**	110,987
Transportation and Travel	**84,201**	92,232
Communication	**58,719**	93,811
Professional Fees	**58,036**	61,536
Office Supplies	**55,216**	51,132
Depreciation Expense *(Note 8)*	**44,131**	18,368
Gasoline	**18,406**	7,034
Marketing Expense	**13,499**	2,515
Repair & Maintenance	**3,689**	3,822
Miscellaneous	**361,971**	430,121
Sub-total	**8,122,335**	7,932,765

NOTE 17 - OTHER OPERATING EXPENSES

This account consists of bank charges amounting to ₱51,572 and ₱1,600 for the year ended December 31, 2024 and 2023, respectively.

NOTE 18 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, Related Party Disclosures. A summary of the significant transactions with related parties as of December 31, 2024 and 2023 are as follows:

a. Salaries of Key Management Personnel
The Company's key management personnel consist of all senior management level and above. For the years 2024 and 2023, salaries of key management personnel amounted to ₱3,679,314 and ₱4,709,083, respectively.

NOTE 19 - INCOME TAX

The components of income tax expense as reported in Statements of Comprehensive Income are as follows:

(In Philippine Peso)	2024	2023
Current Tax	464,582	487,024
Deferred Tax	-	-
Total	464,582	487,024

Effective July 1, 2024, in pursuance to the CREATE Act and Revenue Regulation Memorandum Circular No. 36-2025, the rate of Minimum Corporate Income Tax (MCIT) shall change back to two percent (2%) from one (1%). The Company is subject to an average MCIT rate of 2% for the year 2024 and 1.5% for the year 2023.

The Company is subject to either the Regular Corporate Income Tax (RCIT) based on the taxable net income or the MCIT based on the taxable gross income whichever is higher.

The computation of income tax due follows:

Regular Corporate Income Tax

(In Philippine Peso)	2024	2023
Net Income Before Tax	3,204,944	3,913,395
Add/(Less):		
Income subject to Final Tax	(882,034)	(1,478,275)
Net Income Subject to Income Tax	2,322,911	2,435,120
Tax Rate	20%	20%
Current Income Tax Expense	464,582	487,024

Minimum Corporate Income Tax (MCIT)

(In Philippine Peso)	2024	2023
Gross Income	8,778,113	8,555,384
Other Income	1,718,705	1,814,101
Total	10,496,818	10,369,485
Tax Rate	2%	1.5%
MCIT	209,936	155,542

Based on the figures presented above, the Company is liable to pay for RCIT for both years 2024 and 2023.

For year ended December 31, income tax due was computed as follows:

(In Philippine Peso)	2024	2023
Income Tax Due	464,582	487,024
Less: Tax Credits		
Quarterly Payments	(298,276)	(258,408)
Creditable Withholding Taxes	-	(24,679)
Income Tax Payable	166,306	203,937

NOTE 20 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Company's financial instruments is to fund its operations and capital expenditures. The Company is exposed to financial risks through its financial assets and financial liabilities. The most important components of this financial risk arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk.

The Board of Directors (BOD) regularly reviews and approves policies for managing each of these risks. The Company monitors market risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Company's risk management policies are summarized as follows:

Interest Rate Risk
The Company's exposure to the risk for changes in interest rates is not significant as it relates primarily to the Company's bank deposits. As at December 31, 2024 and 2023, the Company's interest income on bank deposits amounted to ₱882,034 and ₱1,478,275, respectively.

Liquidity Risk
The Company's exposure to liquidity risk is minimal. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans. In addition, the Company regularly evaluates its projected and actual cash flows. Fund raising activities may include bank loans.

The following table presents the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments.

December 31, 2024

(In Philippine Peso)	Neither Past Due Nor Impaired	Past Due Not Impaired	Impaired	Total
Due to Reinsurers	4,281,263	-	-	4,281,263
Trade and Other Payables	21,854,127	-	-	21,854,127
	26,135,390			26,135,390

December 31, 2023

(In Philippine Peso)	Neither Past Due Nor Impaired	Past Due Not Impaired	Impaired	Total
Due to Reinsurers	15,711,638	-	-	15,711,638
Trade and Other Payables	17,227,425	-	-	17,227,425
	32,939,063			32,939,063

Credit Risk
Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from selling goods and services to customers and placing deposits with banks.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties approved in accordance with the Company's credit policy.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below:

(In Philippine Peso)	2024	2023
Cash	28,893,237	48,549,935
Trade and Other Receivables, Net	30,301,766	17,287,353
	59,195,003	65,837,288

Cash
The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

Trade and Other Receivables
The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the inflation rate and the unemployment rate of the locations in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2024 and 2023 were determined as follows:

	Collected before the Issuance of FS	**1-120 days Past Due**	**Over 120 days past due**	**Total**
December 31, 2024				
ECL Rate	0%	10%	20%	
Gross Carrying Amount				33,501,766
Loss Allowance				3,200,000
December 31, 2023				
ECL Rate	0%	10%	20%	
Gross Carrying Amount				19,887,353
Loss Allowance				2,600,000

Foreign Currency Risk
The Company has no significant exposure to foreign currency risks as most transactions are denominated in the Philippine Peso, its functional currency. However, the Company does have a bank account that is denominated other than the functional currency of the Company. The Company considers the related risk to be insignificant hence, no table is presented.

NOTE 21 – CAPITAL MANAGEMENT

The Company manages its capital structures and makes adjustments to it, in light of changes in economic decisions. To maintain or adjusts the capital structures, the Company may issue new common shares and may declare stock dividends. To ensure the adequacy of the Company's capital, management prepares annual cash flows forecast projecting the Company's future cash requirements which is used to assess if additional capital may be required. No changes were made in the objectives, policies or processes during the years ended December ended 2024 and 2023.

In Compliance with Insurance Commission Memorandum Circular No. 1-2006, the Company is required to maintain net worth in accordance with the following schedule of compliances.

Net Worth	On or Before
P4,000,000	December 31, 2007
6,000,000	December 31, 2008
8,000,000	December 31, 2009
10,000,000	December 31, 2010

The Company has complied with all externally imposed capital requirements throughout the year. As of December 31, 2024 and 2023, the Company's total equity amounted to ₱32,819,108 and ₱30,078,745, respectively.

NOTE 22 – FAIR VALUE MEASUREMENT

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

2024	**Carrying Value**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
Financial Assets				
Cash	**28,893,237**	-	**28,893,237**	-
Trade and Other Receivables	**30,301,766**	-	**30,301,766**	-
Financial Liabilities				
Due to Reinsurers	**4,281,263**	-	**4,281,263**	-
Trade and Other Payables	**21,854,127**	-	**21,854,127**	-

2023	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash	48,549,935	-	48,549,935	-
Trade and Other Receivables	17,287,353	-	17,287,353	-
Financial Liabilities				
Due to Reinsurers	15,711,638	-	15,711,638	-
Trade and Other Payables	17,227,425	-	17,227,425	-

NOTE 23 – SUPPLEMENTARY INFORMATION UNDER BIR RR 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010 issued by the Bureau of Internal Revenue (BIR), hereunder is the information on taxes, duties and license fees paid or accrued during the taxable year 2024:

a. Value-Added Tax (VAT)

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT.

Details of the Company's net receipts, output VAT and input VAT accounts are as follows:

i. Output VAT declared in the Company's VAT Return

(In Philippine Peso)	Net Receipts	Output VAT
Taxable Sales/Revenue (net of uncollected sales)	12,640,749	1,516,890
Zero-rated Sales	3,733,522	-
Exempt Sales	-	-
Total	16,374,271	1,516,890

ii. Input VAT for the year

(In Philippine Peso)	
Balance at January 1	7,251
Current year's domestic purchases/payments or importations for:	
Domestic Purchases of Services	74,841
Total	82,092
Claims for tax credit/refund and other adjustments	(82,092)
Balance at December 31	-

b. ***Excise Tax***

The Company did not enter into transaction relating to excise tax.

c. ***Importation***

The Company did not enter into any transaction relating to importation.

Documentary Stamp Tax

The Company did not enter into any transaction relating to documentary stamp tax.

d. ***Taxes and Licenses for the year***

(In Philippine Peso)	
Licenses and Permits	307,826

e. ***Withholding Taxes for the year***

(In Philippine Peso)	
Withholding Taxes on Compensation	265,411
Expanded Withholding Taxes	794,766
Total Withholding Taxes	1,060,177

f. ***Deficiency Tax Assessment and Tax Cases***

The Company has no deficiency tax assessments, whether protested or not. The Company has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

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INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

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

We have audited the accompanying financial statements of **POLARIS REINSURANCE BROKERS, INC.** (the "Company"), which comprise the Statements of Financial Position as of December 31, 2024 and 2023 and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, on which we have rendered the attached report dated April 15, 2025.

In compliance with Revenue Regulations No. V-020, we are declaring the following:

1. The supplementary information on taxes and licenses is presented in Note 23 to the financial statements.

2. No partner of our Firm is related by consanguinity or affinity to the president, manager, senior officers or principal stockholders of the Company.

ACYATAN & CO., CPAs

EFREN N. ACYATAN
Senior Partner
CPA Certificate No. 074169
Tax Identification No. 101-085-150
BOA/PRC Accreditation No. 0141 effective until April 30, 2026
SEC Group C Accreditation
Partner No. 74169-SEC, effective until Financial Period 2025
Firm No. 0141-SEC, effective until Financial Period 2025
BIR Accreditation No. 07-100941-002-2025
Issued on March 11, 2025, effective until March 11, 2028
PTR No. 5715432; Issued on 01-03-2025 at Mandaluyong City

April 15, 2025
Mandaluyong City-Philippines