R. R. TAN & ASSOCIATES, CPAs

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PRC-BOA Reg. No. 0132, valid until August 13, 2024
SEC Accreditation No.0394-F, valid until July 23, 2023
BIR Accreditation No. 07-100510-002-2022, valid until September 14, 2025
IC Accreditation No. 0132-IC, valid until November 17, 2024

Report of Independent Public Accountants

The Board of Directors and Stockholders
ASIA UNITED INSURANCE, INC.
9th Floor, UnionBank Centre
Dasmarinas cor. Q. Paredes St.
Binondo, Manila

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standard. (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 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 for the Financial Statements

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

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

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

Auditor's 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 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

Report on the Supplementary Information Required Under Revenue Regulation (RR) 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA JR.**
Partner
CPA Certificate No. 109993
Tax Identification No. 203-917-449
PTR No. 0173381, January 17, 2023, Pasig City
SEC Accreditation No. 109993-SEC, valid for the audit of 2019 to 2023 financial statements
BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025
IC Accreditation No. 109993-IC, valid for the audit of 2020 to 2024 financial statements

April 3, 2024
Pasig City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
BY: ERWIN PACIANO

ASIA UNITED INSURANCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	Notes		2023		2022
ASSETS					
Cash and cash equivalents	7	P	**207,736,284**	P	145,065,597
Investments					
Fair value through profit or loss	8		**837,738,748**		-
Available-for-sale	8		**275,124,101**		304,421,160
Held-to-maturity	8		**1,250,596,870**		1,326,295,135
Insurance balances receivables - net	9		**160,893,014**		179,629,799
Reinsurance assets	10		**575,313,807**		292,392,633
Property and equipment - net	12		**9,667,607**		3,348,578
Accrued investment income	13		**15,673,930**		15,054,873
Deferred acquisition cost	14		**103,514,041**		81,497,018
Deferred tax asset - net	29		**10,598,142**		9,642,075
Other assets	15		**31,381,522**		22,025,342
TOTAL ASSETS		P	**3,478,238,066**	P	2,379,372,210
LIABILITIES AND EQUITY					
LIABILITIES					
Reserve for unearned premiums	16	P	**425,823,239**	P	377,205,876
Insurance claims payable	17		**484,047,370**		209,179,655
Short-term loans payable	18		**850,000,000**		200,000,000
Reinsurance liabilities	19		**49,629,443**		34,495,871
Accounts payable and accrued expenses	20		**104,884,392**		77,614,341
Deferred commission income	14		**14,969,800**		14,729,211
Income tax payable			**13,385,446**		30,881,719
Defined benefit liability	28		**12,678,853**		4,150,354
Total Liabilities			**1,955,418,543**		948,257,027
EQUITY					
Share capital	21		**729,000,000**		729,000,000
Contributed surplus			**1,250,000**		1,250,000
Fair value adjustment on available-for-sale investments	8		**(65,728,697)**		(38,705,612)
Remeasurement loss on defined benefit plan - net of deferred tax	28		**(15,601,322)**		(3,547,275)
Retained earnings, December 31			**873,899,542**		743,118,070
Total Equity			**1,522,819,523**		1,431,115,183
TOTAL LIABILITIES AND EQUITY		P	**3,478,238,066**	P	2,379,372,210

See accompanying Notes to Financial Statements

ASIA UNITED INSURANCE, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes		2023		2022
REVENUES					
Gross premiums earned	23	P	**846,469,069**	P	637,609,540
Reinsurance premiums ceded	23		**(310,213,008)**		(205,916,432)
Net insurance revenue			**536,256,061**		431,693,108
Commission earned	26		**32,120,799**		28,373,304
Interest income	24		**95,012,800**		47,811,997
Other investment income - net	24		**15,888,900**		21,812,722
			679,278,560		529,691,131
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES					
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	25		**165,613,892**		133,478,035
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	25		**(25,692,994)**		(16,295,187)
Changes in insurance claims payable	17		**274,867,715**		105,908,646
Changes in reinsurers' share of claims, losses and adjustment expenses	17		**(258,798,293)**		(93,045,104)
			155,990,320		130,046,390
COST AND EXPENSES					
Commission expense	26		**187,295,718**		135,902,243
Administrative expenses	27		**69,556,755**		54,239,383
Impairment loss	11		**1,113,767**		5,138,190
Finance cost	27		**34,477,749**		13,060,324
			292,443,989		208,340,140
INCOME BEFORE INCOME TAX EXPENSE			**230,844,251**		191,304,601
INCOME TAX EXPENSE	29		**49,032,779**		31,143,190
PROFIT FOR THE PERIOD		P	**181,811,472**	P	160,161,411

See accompanying Notes to Financial Statements

ASIA UNITED INSURANCE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes		2023		2022
PROFIT FOR THE PERIOD		P	**181,811,472**	P	160,161,411
OTHER COMPREHENSIVE LOSS					
Items to be reclassified to profit or loss in subsequent periods					
Fair value changes in available-for-sale investments			**(27,023,085)**		(30,582,675)
Items not to be reclassified to profit or loss in subsequent periods					
Remeasurement loss on defined benefit plan - net of deferred tax effect	*28*		**(12,054,047)**		(2,210,245)
TOTAL COMPREHENSIVE INCOME		P	**142,734,340**	P	127,368,491

See accompanying Notes to Financial Statements