





# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** CS201118774

**Company Name:** ASIANCARE HEALTH SYSTEMS, INC.

**Industry Classification:** N85130

**Company Type:** Stock Corporation

## Document Information

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**Document Code:** FS

**Period Covered:** December 31, 2024

**Submission Type:** Annual

**Remarks:** None

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Hi ASIANCARE HRLTH SYSTEMS, INC.,

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Submission Date/Time: **Apr 23, 2025 09:43 AM**  
Company TIN: **008-150-291**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

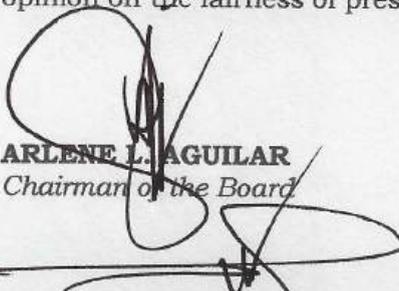
The Management of **ASIANCARE HEALTH SYSTEMS, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2024** and **2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control 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 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 and submits the same to the stockholders.

**PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**, 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.



**ARLENE L. AGUILAR**  
*Chairman of the Board*



**PAUL VINCENT M. VILLASEÑOR**  
*President*



**HENRY CONSTANTINE D. WOLFE**  
*Treasurer*

Signed this 31<sup>st</sup> day of March, 2025.

**SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR**

**The Stockholders and the Board of Directors**  
**ASIANCARE HEALTH SYSTEMS, INC.**  
1078 Ansa II Bldg., Don Chino Roces Avenue  
Corner Montojo St., Brgy. Tejeros,  
Makati City

We have audited the financial statements of **ASIANCARE HEALTH SYSTEMS, INC.** for the year ended **December 31, 2024**, on which we have rendered the attached report dated March 31, 2025.

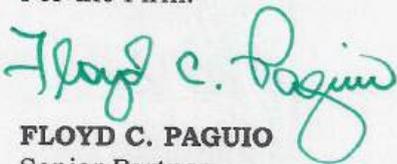
In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager, or principal stockholders of the Company.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

**PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000  
BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028  
SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025  
BOA Accreditation No. 5614, July 5, 2023, valid until February 28, 2026  
BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit  
IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit  
CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

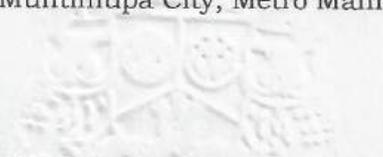
BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

March 31, 2025

Muntinlupa City, Metro Manila



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## INDEPENDENT AUDITOR'S REPORT

### The Stockholders and the Board of Directors **ASIANCARE HEALTH SYSTEMS, INC.**

1078 Ansa II Bldg., Don Chino Roces Avenue  
Corner Montojo St., Brgy. Tejeros,  
Makati City

### Report on the Audits of the financial statements

#### *Opinion*

We have audited the financial statements of **ASIANCARE HEALTH SYSTEMS, INC.** (the Company), which comprise the statements of financial position as at **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 the financial statements, including a summary of material 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, 2024** and **2023**, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in 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 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 these 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 have no realistic alternative 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 is 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 the 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 audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to 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 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 the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audits. We remain solely responsible for our audit opinion.

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 audits.



**Report on the Supplementary Information Required Under Revenue Regulation 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 31 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 the Management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

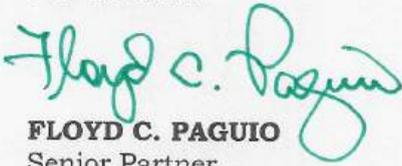
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IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

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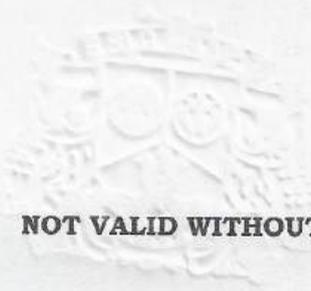
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IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

March 31, 2025

Muntinlupa City, Metro Manila



**NOT VALID WITHOUT SEAL**

**ASIANCARE HEALTH SYSTEMS, INC.****STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2024 and 2023

*(All Amounts in Philippine Peso)*

		DECEMBER 31	
	NOTES	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	6	12,447,798	13,686,440
Contract receivables	7	64,506,706	41,215,755
Investment in treasury bill	8	7,070,289	6,771,668
Other current assets	9	9,570,407	8,426,861
<b>Total Current Assets</b>		<b>93,595,200</b>	<b>70,100,725</b>
<b>Non-Current Asset</b>			
Property and equipment	10	658,304	988,706
<b>TOTAL ASSETS</b>		<b>94,253,504</b>	<b>71,089,431</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Unearned revenue	11	34,090,700	12,930,381
Claims payable	12	4,800,127	7,942,798
Trade and other payables	13	54,134	42,242
Other current liabilities	14	7,053,514	4,691,435
<b>Total Current Liabilities</b>		<b>45,998,475</b>	<b>25,606,856</b>
<b>Equity</b>			
Share capital	15	25,000,000	25,000,000
Retained earnings	15	23,255,029	20,482,575
<b>Total Equity</b>		<b>48,255,029</b>	<b>45,482,575</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>94,253,504</b>	<b>71,089,431</b>

*See accompanying Notes to Financial Statements*

**ASIANCARE HEALTH SYSTEMS, INC.****STATEMENTS OF INCOME (LOSS)****For the Years Ended December 31, 2024 and 2023***(All Amounts in Philippine Peso)*

		<b>DECEMBER 31</b>	
	<i>NOTES</i>	<b>2024</b>	<b>2023</b>
<b>REVENUE</b>	16	<b>88,703,442</b>	82,255,504
<b>COST OF SERVICE</b>	17	<b>(67,400,574)</b>	(64,861,458)
<b>GROSS INCOME</b>		<b>21,302,868</b>	17,394,047
<b>OTHER INCOME</b>	18	<b>407,019</b>	346,780
<b>TOTAL INCOME</b>		<b>21,709,887</b>	17,740,827
<b>ADMINISTRATIVE EXPENSES</b>	19	<b>(18,346,074)</b>	(16,470,402)
<b>PROFIT BEFORE TAX</b>		<b>3,363,813</b>	1,270,425
<b>INCOME TAX EXPENSE</b>	27	<b>(591,359)</b>	(260,911)
<b>PROFIT FOR THE YEAR</b>		<b>2,772,454</b>	1,009,514

*See accompanying Notes to Financial Statements*

**ASIANCARE HEALTH SYSTEMS, INC.**

**STATEMENTS OF CHANGES IN EQUITY**

**For the Years Ended December 31, 2024 and 2023**

*(All Amounts in Philippine Peso)*

	<b>SHARE CAPITAL (Note 15)</b>	<b>RETAINED EARNINGS (Note 15)</b>	<b>TOTAL</b>
Balance at January 01, 2023	25,000,000	19,473,061	44,473,061
Profit for the year	-	1,009,514	1,009,514
<b>Balance at December 31, 2023</b>	<b>25,000,000</b>	<b>20,482,575</b>	<b>45,482,575</b>
Balance at January 01, 2024	25,000,000	20,482,575	45,482,575
Profit for the year	-	2,772,454	2,772,454
<b>Balance at December 31, 2024</b>	<b>25,000,000</b>	<b>23,255,029</b>	<b>48,255,029</b>

*See accompanying Notes to Financial Statements*

**ASIANCARE HEALTH SYSTEMS, INC.**

**STATEMENTS OF CHANGES IN EQUITY**

**For the Years Ended December 31, 2024 and 2023**

*(All Amounts in Philippine Peso)*

	<b>SHARE CAPITAL <i>(Note 15)</i></b>	<b>RETAINED EARNINGS <i>(Note 15)</i></b>	<b>TOTAL</b>
Balance at January 01, 2023	25,000,000	19,473,061	44,473,061
Profit for the year	-	1,009,514	1,009,514
<b>Balance at December 31, 2023</b>	<b>25,000,000</b>	<b>20,482,575</b>	<b>45,482,575</b>
Balance at January 01, 2024	25,000,000	20,482,575	45,482,575
Profit for the year	-	2,772,454	2,772,454
<b>Balance at December 31, 2024</b>	<b>25,000,000</b>	<b>23,255,029</b>	<b>48,255,029</b>

*See accompanying Notes to Financial Statements*

## **ASIANCARE HEALTH SYSTEMS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

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December 31, 2024 and 2023

(All amounts in Philippine Peso except as indicated)

#### **1. CORPORATE INFORMATION**

**ASIANCARE HEALTH SYSTEMS, INC.** was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 2011 under SEC Registration No. CS201118774. The Company is primarily established to engage in the business of health care services.

The Company's registered principal office and business address is located at 1078 Ansa II Building, Don Chino Roces Avenue, Corner Montojo Street, Makati City.

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

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

##### **2.1 Basis of Preparation**

The Company's financial statements have been prepared using the measurement basis specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

Moreover, Republic Act No. 11232 or the Act Providing for the Revised Corporation Code ("the Revised Code") which took effect on February 23, 2019 have been applied in preparing these financial statements. The Company adopted "the Revised Code" and the extent of the impact has been determined. None of these is expected to have a significant effect on the financial statements of the Company which was adopted for the Company's financial statements since calendar year 2019.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlements of liabilities in the normal course of business.

##### **2.2 Statement of Compliance**

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippines Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by Securities and Exchange Commission (SEC).

##### **2.3 Functional and Presentation Currency**

The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards [PFRS]. The Company determines its own functional currency and items included in the financial statements of the Company that are carried using that functional currency. All values are rounded to the nearest peso, except when otherwise indicated.

### **3. ADOPTION OF NEW AND REVISED PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)**

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

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

#### **3.1 New and Revised PFRSs that are Effective for the Current Year**

The following new standards impacting the Association has been adopted in the annual financial statements for the year ended December 31, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7 *Financial Instruments: Disclosures* titled *Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The directors of the Company are currently assessing the impact of these amendments.

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

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments have no significant impact on the financial statements of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements – Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

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

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

The directors of the Company are currently assessing the impact of these amendments.

### **3.2 New Standards, Interpretations and Amendments In Issue But Not Yet Effective**

At the date of authorization of these financial statements, the Company has not applied the following new and revised PFRS Standards that have been issued but are not yet effective.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates* titled *Lack of Exchangeability*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of PAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying PAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to PFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The amendment is not applicable to the Company.

- *PFRS 18 Presentation and Disclosures in Financial Statements*

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the IASB has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The amendments have no significant impact on the financial statements of the Company.

- *PFRS 19 Subsidiaries without Public Accountability: Disclosures*

PFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.

PFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply PFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets),

or

- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities

brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply PFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply PFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply PFRS 19 for a reporting period earlier than the reporting period in which it first applies PFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to PFRS 19. If an entity elects to apply PFRS 19 for an annual reporting period before it applied the amendments to PAS 21, it is not required to apply the disclosure requirements in PFRS 19 with regard to Lack of Exchangeability.

These have no significant impact on the financial statements of the Company.

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

##### **4.1 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.2 Financial Assets**

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company business model for managing the financial assets. The Company classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit and loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are not reclassified to profit or loss

##### **A. Financial Assets at Amortized Cost**

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- 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.

Except for receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, Revenue on Contracts with Customers, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

This accounting policy relates to the Company's "Cash", "Contract receivables", "Investment in treasury bills", "Deposit to healthcare providers", and "Security Deposit".

#### B. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

##### Debt Instruments

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As at December 31, 2024 and 2023, the Company does not have debt instruments at FVOCI.

##### Equity Instruments

The Company may not also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

If any, the Company elected to classify irrevocably its quoted equity investment under this category.

As at December 31, 2024 and 2023, the Company does not have equity instruments at FVOCI.

#### C. Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income.

This category includes derivatives instruments which the Company has not irrevocably elected to classify at fair value through OCI.

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

#### **4.3 Classification of Financial Liabilities**

Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- If a host contract contains one or more embedded derivatives; or
- If a Company of financial asset and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

#### **4.4 Impairment of Financial Assets**

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

The Company applies a simplified approach in calculating ECLs for "Receivables". Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For leasing receivables, the Company has established a provision matrix that is based on its historical credit loss experience. For ICR, the Company uses a vintage analysis that is based on its historical credit loss experience. Both are further adjusted for forward-looking factors specific to the debtors and the economic environment.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company from the time of origination.

The Company's "Cash", "Receivables", and "Other Noncurrent Assets" are graded to be low credit risk investment based on the credit ratings of depository banks and related parties as published.

#### Write-off Policy

The Company writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable explanations of recovering the financial asset in its entirety or a portion thereof.

#### **4.5 Other Current Assets**

Other current assets include creditable withholding tax, deposit to healthcare providers and security deposits. These are carried at cost less accumulated amortization and impairment loss, if any.

#### **4.6 Property and Equipment**

The Company uses the cost model in all its property and equipment.

Property and equipment are recognized when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. These are initially recognized at cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, comprises of its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of property and equipment also comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives of the assets, using the straight-line method.

Depreciation ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5 and the date the asset is derecognized.

Construction in progress (CIP) represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are recognized as expense during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

The estimated useful life and depreciation method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

#### **4.7 Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that a non-financial asset (which includes, among others, property and equipment and intangible asset) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and its written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses are recognized in the Company's statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's of CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Company's statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **4.8 Financial Liabilities**

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value. Directly attributable transaction costs, if any, are included in the initial measurement of financial liabilities, except for any financial instruments measured at fair value.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial liabilities include unearned revenue, claims payable, trade and other payables and other current liabilities.

##### **A. Unearned Revenue**

Unearned revenue consists of written contracts that have not yet due. These are initially recognized at fair value and subsequently measured at amortized cost using effective interest method.

##### **B. Claims Payable**

Claims payable consists of unpaid charges on availing of the Company's Plan Benefits. These are initially recognized at fair value and subsequently measured at amortized cost using effective interest method.

##### **C. Trade and Other Payables**

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. These are unsecured, non-interest bearing and short term in nature.

Other payables consist of accrued expenses such as communication, electricity and water.

Trade and other payables are subsequently measured at their amortized cost using effective interest method.

## **4.9 Derecognition of Financial Assets and Financial Liabilities**

### **A. Financial Assets**

A financial asset (or, where applicable a part of financial asset or part of a Company of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the 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 rights to receive cash flows from the 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.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchased, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### **B. Financial Liabilities**

Financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where 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.

## **4.10 Other Current Liabilities**

Other current liabilities include statutory obligation as of the end of the period consisting of taxes payable and SSS, PHIC and HDMF payable.

## **4.11 Offsetting Financial Instruments**

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

## **4.12 Determination of Fair Value**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent

transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24.

#### **4.13 Classification of Financial Instruments Between Liability and Equity**

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy 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 shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

#### **4.14 Equity**

##### A. Share Capital

Ordinary shares are classified as equity using the par value of shares that have been issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and are included in equity attributable to the Company's equity holders.

##### B. Retained Earnings

Retained earnings include all current and prior period results of operations as disclosed in the statements of comprehensive income.

### C. Revaluation Increment

Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognized through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognized directly through the Statement of Comprehensive Income, except to the extent that they reverse a previous revaluation increment for that class.

### D. Fair value gain (loss) on "Financial Assets - FVOCI"

"Financial Assets - FVOCI" are initially recognized at fair value and also subsequently carried at fair value. The unrealized changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognized in equity under fair value gain (loss) for financial assets. When securities classified as available-for-sale are sold, therefore derecognized, the fair value adjustments accumulated in equity are recognized in the statement of comprehensive income.

### **4.15 Other Comprehensive Income**

Comprehensive income, if any, is recognized as part of total comprehensive income, outside of profit or loss, when they arise. Comprehensive income, if any, may consist of amortization of exchange difference on translation of foreign operation, amortization of actuarial gains or losses. In computing for the retained earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

### **4.16 Revenue Recognition**

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services excluding value-added tax (VAT) and other fees collected on behalf of other parties, based on five-step model:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (c) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

In addition, the following specific criteria must also be met before revenue is recognized.

A. Revenue from Contracts

Revenue from contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- ✓ The amount of revenue can be measured reliably;
- ✓ It is probable that the economic benefits associated with the transaction will flow to the Company;
- ✓ The stage of completion of the transaction can be measured reliably; and
- ✓ The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

B. Interest Income on Banks Deposits

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income from banks which is presented net of final tax is recognized when earned.

***Contract balances arising from revenue with customer contracts***

*Receivables*

A receivable represents the right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company presents each contract with customer in the consolidated statement of financial position either as a contract asset or a contract liability

**4.17 Cost and Expense Recognition**

Cost and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the statements of comprehensive income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that,

future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Cost and expenses in the statements of comprehensive income are presented using the function expense method. Operating expenses are costs attributable to administrative activities of the Company.

#### **4.18 Employees Benefits**

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

##### B. Long-term Benefits

The Company has no formal retirement plan but has established an unfunded and non-contributory retirement benefits, covering all regular employees. The employees of the Company are entitled to minimum retirement benefits provided under R.A. 7641, Retirement Law. The amount of accrued retirement liability has been determined using the provision of R.A. 7641.

Retirement benefit obligation was computed based on: (a) 15 days salary; (b) cash equivalent of 5 days of service incentive leave; (c) 1/12 of the 13th month pay; (d) age of employee; (e) length of service with the Company and; (f) average salary of increase of 5% per year. The management believes that the effect in the financial statements of the difference between the retirement costs determined under the current method used by the Company and an acceptable actuarial valuation is not significant.

#### **4.19 Income Taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

##### A. Current Income Tax

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### B. Deferred Income Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry-forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available

against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

Pursuant to Section 4 (bbbb) of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) and as implemented under Revenue Regulation No. 25-2020, the net operating loss of a business or enterprise for the taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of Bayanihan 2, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

In accordance with Republic Act (RA) No. 11534, known as "The Corporate Recovery or Tax Incentives for Enterprises Act" (CREATE Act), the salient provisions applicable to the Company are as follows:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum Corporate Income Tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023; and
3. The imposition of improperly accumulated earnings is repealed.

Further, pursuant to Sections 6, 7 and 13 of RA No. 11534, as implemented under Revenue Regulation Nos. 4-2021, 5-2021 and 8-2021, and as clarified by Revenue Memorandum Circular Nos. 65-2021 and 67-2021, RMC No. 69-2023 informs the public and all concerned that effective July 1, 2023, the Minimum Corporate Income Tax (MCIT) rate for domestic and resident foreign corporations, including offshore banking units and regional operating headquarters, shall now revert to two percent (2%) based on gross income.

## **4.20 Provisions, Contingent Assets and Contingent Liabilities**

### A. Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

### B. Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

## **4.21 Related Party Disclosures**

### A. Related Parties

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company, post-employment benefit plans for the benefit of Company's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

### B. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly, through one or intermediaries, controls, or is controlled by, or is under common control with the Company.

The Company's related parties include the Company's Key Management. The compensation of the key management personnel of the Company pertains to the usual monthly salaries and government mandated bonuses; there are no other special benefits paid to management personnel.

In 2024 and 2023, the Company has provided compensation to its Key Management Personnel.

## **4.22 Events After the Reporting Date**

Post-year end events that provide additional information about the Company's financial position at the reporting date (adjusting events), are reflected in the financial statements.

Post-year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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

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

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

### **5.1 Judgments**

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 amounts recognized in the financial statements:

#### A. Determining Functional Currency

The functional currency of the Company has been determined to be the Philippine peso. It is the currency of the primary economic environment in which the Company operates.

#### B. Lease Commitments

##### Company as Lessee

In determining whether a lease contract is cancellable or not, the Company considers among others, the significance of penalty, including the economic consequence to the lessor.

#### C. Fair Value of Financial Assets and Liabilities

Where the fair values of financial assets and liabilities recorded in statements of financial position cannot derive from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

#### D. Fair Value Measurement

The methods used by the Company in estimating the fair value of the financial instruments are:

- The carrying amounts of current financial assets maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.
- The carrying amounts of current financial liabilities approximate their fair values due to either the demand feature or the relatively short-term maturities of these liabilities.
- The carrying amounts of noncurrent financial assets and liabilities approximate their fair values due to management believes that the effect of discounting cash flows from these instruments using the prevailing market rates is not significant.

#### E. Incorporation of Forward-looking Information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

Based on the Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. Also, the Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk losses. The Company considers macro-economic factors such as GDP growth rates and inflation rates of selected countries in its analysis.

Predicted relationship between the key indicators and default and loss rates on portfolio of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

#### F. Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed further in other notes.

### **5.2 Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next calendar year are as follows:

#### A. Estimation of Useful Lives of Property and Equipment and Investment Property

The Company estimates the useful lives of property and equipment based on the internal technical evaluation and experience with similar assets. The estimated useful lives are periodically reviewed and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives would increase depreciation expense and decrease the property and equipment's value.

<u>Category</u>	<u>Number of Years</u>
Property and equipment	5-10
Leasehold improvement	5-10
Furniture and fixtures	5-10
Transportation equipment	5-10
Office equipment	5-10

Depreciation expense amounted to ₱330,402 and ₱688,228 in 2024 and 2023, respectively (Notes 10 and 21). The carrying values of the property and equipment, net of accumulated depreciation amounted to ₱658,304 and ₱988,706 as of December 31, 2024 and 2023, respectively (Notes 10).

#### B. Evaluation of Impairment on Financial Assets

The Company maintains allowance for impairment at a level based on the result of individual and collective assessment. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the financial asset's original effective interest rate. Impairment loss is determined as the difference between the financial assets' carrying value and the computed present value. Factors considered in individual assessment are payment history, past due status and term. While the collective assessment would require the Company to classify its financial assets based on the credit risk characteristics such as customer type, payment history, past-due status and term of the customers. Impairment loss is then determined based on historical loss experience of the financial assets of Company per credit risk profile. Historical loss profile is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the periods on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate.

Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The carrying value of the Company's Contract receivables amounted to ₱64,506,706 and ₱41,215,755 as of December 31, 2024 and 2023, respectively. After careful evaluation by the Company's management, no indication of impairment on the accounts was noted. (Refer to note 7).

#### C. Distinction Between Investment Property and Property and Equipment

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If the portion can be sold separately or leased out separately under finance lease, the company accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that property does not qualify as investment property. The company considers each property separately in making its judgment.

#### D. Impairment of Property and Equipment

The Company assesses the value of property and equipment which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

There was no impairment loss recognized in 2024 and 2023.

#### E. Evaluation of Impairment on Financial Assets

The Company defines financial instruments as in default when customer is more than 120 days past due on its contractual obligations. However, in certain cases, the Company may also consider financial instruments to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. The criteria have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk. The default definition has been applied consistently to calculate Company's expected credit loss (ECL). An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria.

There have been no significant changes in estimation techniques or significant assumptions made during and as at December 31, 2024 and 2023.

#### F. Impairment of Non-Financial Assets

The Company assesses whether there are any indicators of impairment for all nonfinancial assets which includes property and equipment at each reporting date. These are tested for impairment when there are indicators that the carrying amounts may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses, if any, are recognized in the consolidated statements of comprehensive income.

The gross carrying values of the property and equipment amounted to ₱9,953,825 as at December 31, 2024 and 2023. As at December 31, 2024 and 2023, no impairment loss on property and equipment. (Refer to note 10)

#### G. Measurement of Expected Credit Losses (ECLs)

(ECL) are derived from unbiased and probability-weighted estimates of expected loss, and are 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, discounted at the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### H. Estimating Realizability of Deferred Income Tax Assets

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on nondeductible temporary differences is based on the budgeted taxable income of the following reporting period. This budget is based on the Company's past results and future expectations on revenue and expenses.

## I. Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

### **6. CASH**

This account consists of:

	<b>2024</b>	2023
Cash in banks	<b>12,397,798</b>	13,636,440
Cash on hand	<b>50,000</b>	50,000
<b>Total</b>	<b>12,447,798</b>	13,686,440

Cash in banks represent savings, current and time deposit accounts in local banks which earn interest at the respective bank deposit rates. Cash in banks are unrestricted and immediately available for use in current operations.

Cash on hand consists of revolving fund and petty cash fund used as working funds wherein small amount of corporate expenses are being disbursed.

Total interest earned amounted to ₱407,019 and ₱346,780 in 2024 and 2023, respectively, as disclosed in Note 18.

### **7. CONTRACT RECEIVABLES**

	<b>2024</b>	2023
	<b>64,506,706</b>	41,215,755

Contract receivables represent earned contracts amounting to ₱26,325,122 in 2024 and ₱26,733,728 in 2023 and unearned contracts amounting to ₱38,181,584 in 2024 and ₱14,482,027 in 2023 with total amount of ₱64,506,706 and ₱41,215,755 in 2024 and 2023, respectively.

Earned contract receivables are noninterest-bearing arising from sale of services and are normally due in 30 days. Unearned contract receivables are amortized over 12 months period.

All of the Company's contract receivables have been assessed for impairment under PFRS 9 using simplified approach in measuring ECL taking into consideration the expected loss rates determined through the assessment of credit impairment.

The Company's credit risk is primarily attributable to its Contract receivables, Investment in treasury bill, Due from related parties, Deposit to healthcare providers and Security deposit. The amounts presented in the statement of financial position are net of allowance for Expected Credit Losses (ECL), if any, estimated by the Company's management.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

No receivable used as security to any liability nor assigned or discounted to other parties.

## 8. INVESTMENT IN TREASURY BILL

This account consists of:

	2024	2023
	<b>7,070,289</b>	6,771,668

Investment in treasury bill represents short-term financial instrument with face value of P7,090,000 issued by the government with maturity period of one year starting January 24, 2024 to January 22, 2025. The principal cost of the instrument amounted to P6,763,879 and earns interest of 6.05% per annum. Interest earned in 2024 amounted to P324,742.

## 9. OTHER CURRENT ASSETS

This account consists of:

	2024	2023
Creditable tax withheld	<b>5,579,407</b>	4,535,861
Deposit to healthcare providers	<b>3,873,000</b>	3,773,000
Security deposit	<b>118,000</b>	118,000
Total	<b>9,570,407</b>	8,426,861

Creditable withholding tax represents amount of taxes withheld or deducted by various clients and to be claimed as tax credit to income tax due thereon.

Deposit to healthcare providers represent cash deposits with accredited hospitals, clinics and other facilities to guarantee payment of charges on availments of the Company's Policy Plan benefits.

Security deposit consists of rental deposit with the Lessor. This deposit shall be refunded, without interest to the Lessee after deducting whatever sum may be determined as due and owing to the Lessor under the terms of the agreement, not earlier than 30 days from the date of the expiration of the lease but not later than 60 days therefrom.

**10. PROPERTY AND EQUIPMENT**

The composition of and movements in this account follows:

	LEASEHOLD IMPROVEMENT	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	FURNITURE AND FIXTURE	TOTAL
<b>GROSS CARRYING AMOUNT</b>					
Balance, January 1, 2024	3,395,290	4,610,518	1,464,122	483,896	9,953,826
Additions	-	-	-	-	-
<b>Balance, December 31, 2024</b>	<b>3,395,290</b>	<b>4,610,518</b>	<b>1,464,122</b>	<b>483,896</b>	<b>9,953,826</b>
<b>ACCUMULATED DEPRECIATION</b>					
Balance, January 1, 2024	3,395,290	3,621,812	1,464,122	483,896	8,965,120
Depreciation in 2024	-	330,402	-	-	330,402
<b>Balance, December 31, 2024</b>	<b>3,395,290</b>	<b>3,952,214</b>	<b>1,464,122</b>	<b>483,896</b>	<b>9,295,522</b>
<b>NET CARRYING AMOUNT</b>					
<b>Balance, December 31, 2024</b>	<b>-</b>	<b>658,304</b>	<b>-</b>	<b>-</b>	<b>658,304</b>
<b>GROSS CARRYING AMOUNT</b>					
Balance, January 1, 2023	3,395,290	4,610,518	1,464,122	483,896	9,953,826
Additions	-	-	-	-	-
Balance, December 31, 2023	3,395,290	4,610,518	1,464,122	483,896	9,953,826
<b>ACCUMULATED DEPRECIATION</b>					
Balance, January 1, 2023	3,110,915	3,291,410	1,390,671	483,896	8,276,892
Depreciation in 2023	284,375	330,402	73,451	-	688,228
Balance, December 31, 2023	3,395,290	3,621,812	1,464,122	483,896	8,965,120
<b>NET CARRYING AMOUNT</b>					
Balance, December 31, 2023	-	988,706	-	-	988,706

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount of the assets of ₱658,304 and ₱988,706 as at December 31, 2024 and 2023, respectively, are not materially different with their fair value based on the depreciated replacement cost approach.

Impairment tests performed indicate that none of the property and equipment were found impaired, hence, no allowance for impairment is provided.

Further, the Company has no property and equipment retired from active use and not classified as held for sale in accordance with PFRS 5 neither idle property as at December 31, 2024 and 2023.

#### 11. UNEARNED REVENUE

This account consists of:

	<b>2024</b>	2023
	<b>34,090,700</b>	12,930,381

Unearned revenue represents portion of written contracts in 2024 and 2023 that have not yet due as at December 31, 2024 and 2023.

#### 12. CLAIMS PAYABLE

This account consists of:

	<b>2024</b>	2023
In the course of settlement	<b>2,584,653</b>	4,027,853
Due and unpaid claims	<b>1,237,518</b>	2,581,768
Incurred but not reported	<b>709,682</b>	726,700
Claims handling expense payable	<b>268,274</b>	606,477
<b>Total</b>	<b>4,800,127</b>	7,942,798

In the course of settlement represents liabilities for claims already known and identified but not yet adjudicated, settled and paid by the Company as of valuation date.

Due and unpaid claims represent liabilities for claims that have been reported, adjudicated and processed, but for which final payment has not been recorded as of valuation date.

Incurred but not reported represents amount provided for claims that have occurred but have not been reported to the Company as of valuation date.

Claims handling expense payable represents unpaid salaries related to the validation and processing for payment of claims payable.

#### 13. TRADE AND OTHER PAYABLES

This account consists of:

	<b>2024</b>	2023
Trade payables	<b>20,264</b>	32,454
Accrued expenses	<b>33,870</b>	9,788
<b>Total</b>	<b>54,134</b>	42,242

Trade payables are unpaid liabilities from trade purchases which are non-interest bearing and are normally due within 60 days.

Accrued expenses include accruals of administrative expenses such as interest, communications, electricity and water.

#### 14. OTHER CURRENT LIABILITIES

	2024	2023
Due to government	<b>7,053,514</b>	4,691,435

Due to government includes taxes payable and SSS, PHIC and HDMF payable which represents premium contributions and loans payable deducted from employees' salaries payable within the following month.

#### 15. EQUITY

##### Share Capital

	2024	2023
Authorized Capital Stock 250,000 / 250,000 common shares @ P100 par value	<b>25,000,000</b>	25,000,000
Subscribed and Paid-up Capital Stock 250,000 / 250,000 common shares @ P100 par value	<b>25,000,000</b>	25,000,000

The Company is 100% Filipino owned and has one class of ordinary shares which carry no right to fixed income.

##### Retained Earnings

This account consists of:

	2024	2023
Unappropriated balance at January 1	<b>20,482,575</b>	19,473,061
Profit for the year	<b>2,772,454</b>	1,009,514
Unappropriated balance at December 31	<b>23,255,029</b>	20,482,575

#### 16. REVENUE

This account consists of:

	2024	2023
Sale of service	<b>88,703,442</b>	82,255,504

**17. COST OF SERVICE**

This account consists of:

	<b>2024</b>	2023
In-patient Claims/Services	<b>49,238,535</b>	47,364,021
Out-patient Claims/Services	<b>14,462,659</b>	13,942,937
Medical Professional fees	<b>2,911,475</b>	2,769,690
Commission Expense	<b>787,905</b>	784,810
<b>Total</b>	<b>67,400,574</b>	64,861,458

**18. OTHER INCOME**

This account consists of:

	<b>2024</b>	2023
Interest income in bank deposits and treasury bill	<b>407,019</b>	346,780

Interest income is subjected to final tax.

**19. ADMINISTRATIVE EXPENSES**

This account consists of:

	<b>2024</b>	2023
Compensation and other benefits <i>(Note 20)</i>	<b>7,622,994</b>	7,608,804
Transportation and Travel Expenses	<b>3,034,052</b>	3,051,352
Printing, Stationery and Supplies	<b>1,102,861</b>	466,672
Representation and Entertainment	<b>822,547</b>	828,516
Rental Expense	<b>708,000</b>	708,000
SSS, ECE, PHIC and HDMF contributions	<b>577,476</b>	518,780
Auditor's Fee	<b>355,000</b>	100,000
Telecommunication and Postage	<b>348,486</b>	277,738
Depreciation <i>(Note 21)</i>	<b>330,402</b>	688,228
Actuarial Fees	<b>268,582</b>	172,500
Power, Light and Water	<b>226,730</b>	170,217
Insurance Expenses	<b>184,807</b>	155,520
Membership Fees and Dues	<b>135,000</b>	120,000
Legal Fees	<b>120,000</b>	120,000
Taxes and Licenses <i>(Note 31)</i>	<b>105,512</b>	108,365
Advertising and Promotions	<b>103,487</b>	-
Repairs and Maintenance	<b>20,000</b>	46,500
Bank Charges	<b>19,730</b>	40
Miscellaneous Expenses	<b>2,260,408</b>	1,329,170
<b>Total</b>	<b>18,346,074</b>	16,470,402

**20. COMPENSATION AND OTHER BENEFITS**

This account consists of:

	<b>2024</b>	2023
Basic salaries and wages	<b>7,052,722</b>	7,023,511
13th month pay	<b>570,272</b>	585,293
<b>Total</b>	<b>7,622,994</b>	7,608,804

## 21. DEPRECIATION

Breakdown of the account were as follows:

	2024	2023
Leasehold improvement	-	284,375
Office equipment	-	73,451
Transportation equipment	330,402	330,402
Total	330,402	688,228

## 22. LEASES

The Company entered into an operating lease contracts with local company for use of its office space. Under the contracts, the term is for a period of one (1) year and are renewable for another one year after the expiry date of the period stipulated under such terms and conditions mutually acceptable to both parties with no escalation clause nor option to buy provisions.

Rent expense charged against current operations under administrative expenses amounted to P708,000 in 2024 and 2023.

The future minimum lease payments under such non-cancellable lease are as follows:

	2024	2023
Within one year	708,000	708,000
After one year but not more than five years	-	-
Total	708,000	708,000

## 23. RELATED PARTY TRANSACTION

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediates, the party:
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries, and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venture;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefits of employees of the entity, or of any entity that is a related party of the entity.

### Key Management Personnel

The company has provided key management personnel short term compensation benefit of P3,932,500 in 2024 and P2,990,000 in 2023 reporting period.

	2024	2023
Salaries and wages	3,630,000	2,760,000
13th month pay	302,500	230,000
Total	3,932,500	2,990,000

## 24. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are recognized initially at fair value of the consideration given (in the case of assets) or received (in the case of liability).

Fair values are determined by reference to market-based evidence, which is the amount for which the financial assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements).

The following tables set forth the carrying values and estimated fair values of the Company's financial assets and liabilities recognized as at December 31, 2024 and 2023.

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets:</b>				
<i>Current assets:</i>				
Cash in banks	<b>₱12,397,798</b>	<b>₱12,397,798</b>	₱13,636,440	₱13,636,440
Contract receivables	<b>64,506,706</b>	<b>64,506,706</b>	41,215,755	41,215,755
Investment in treasury bill	<b>7,070,289</b>	<b>7,070,289</b>	6,771,668	6,771,668
Deposit to healthcare providers	<b>3,873,000</b>	<b>3,873,000</b>	3,773,000	3,773,000
Security deposit	<b>118,000</b>	<b>118,000</b>	118,000	118,000
	<b>₱87,965,793</b>	<b>₱87,965,793</b>	₱65,514,863	₱65,514,863
<b>Financial Liabilities:</b>				
<i>Current liabilities:</i>				
Unearned revenue	<b>₱34,090,700</b>	<b>₱34,090,700</b>	₱12,930,381	₱12,930,381
Claims payable	<b>4,800,127</b>	<b>4,800,127</b>	7,942,798	7,942,798
Trade and other payable	<b>54,134</b>	<b>54,134</b>	42,242	42,242
Other current liabilities	<b>7,053,514</b>	<b>7,053,514</b>	4,691,435	4,691,435
	<b>₱45,998,475</b>	<b>₱45,998,475</b>	₱25,606,856	₱25,606,856

No impairment loss on the financial assets of the Company have been provided since none of them were identified to be impaired as at December 31, 2024 and 2023.

Cash in Banks, Contract Receivables, Investment in Treasury Bill, Deposit to Healthcare Providers, Security Deposit, Unearned Revenue, Claims Payable, Trade and other Payables, and Other Current Liabilities. Due to the short-term nature of these transactions, the carrying values approximate the fair values at reporting date.

Noncurrent Assets and Noncurrent Liabilities. The carrying values approximate fair values of such instruments. Management believes that the effect of discounting cash flows from these instruments using the prevailing market rate is not significant.

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has exposures to the following risks from its use of financial instruments.

- **Credit Risk**
- **Liquidity Risk**
- **Interest Rate Risk**

This note presents information about the Company's exposure to each of the above risks, the objectives, policies, and processes for measuring and managing risks, as well as the management of its capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

**Credit Risk.** This represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The credit risk arises from the loan receivables of the Company and deposits in banks. The Company has a substantial number of credit customers, hence credit risk is ever present. Customer credit risks are monitored from time to time and prompt actions undertaken. And the Company has in place the business credit policy and procedures regarding loan activities from credit initiation, approval, documentation and disbursement, and loan administration. Bank deposits are maintained at local reputable banks.

**Liquidity Risk.** This is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

**Interest Rate Risk.** The Company's exposure to the risk of changes in market interest rates relates primarily to its debt obligation with fixed interest rate. The Company, through its competencies in managing debt obligations, transacts with creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates.

### ■ **Credit Risk**

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the related financial instrument.

The Company's maximum exposures to credit risk arising from financial instruments are shown in the following table:

	2024	2023
<i>Current assets:</i>		
Cash in banks	<b>P12,397,798</b>	P13,636,440
Contract receivables	<b>64,506,706</b>	41,215,755
Investment in treasury bills	<b>7,070,289</b>	6,771,668
Deposit to healthcare providers	<b>3,873,000</b>	3,773,000
Security deposit	<b>118,000</b>	118,000
<b>Total credit risk exposure</b>	<b>P87,965,793</b>	P65,514,863

The following tables provide the credit quality of the Company's financial assets that are neither past due nor impaired, past due but not impaired and impaired.

December 31, 2024:	Neither Past Due nor Impaired		Past Due or Impaired	Total
	High Grade	Standard Grade		
<i>Current assets:</i>				
Cash in banks	P12,397,798	P -	P -	P12,397,798
Contract receivables	-	64,506,706	-	64,506,706
Investment in treasury bill	-	7,070,289	-	7,070,289
Deposit to healthcare providers	-	3,873,000	-	3,873,000
Security deposit	-	118,000	-	118,000
<b>Total</b>	<b>P12,397,798</b>	<b>P75,567,995</b>	<b>P -</b>	<b>P87,965,793</b>

December 31, 2023:	Neither Past Due nor Impaired		Past Due or Impaired	Total
	High Grade	Standard Grade		
<i>Current assets:</i>				
Cash in banks	P13,636,440	P -	P -	P13,636,440
Contract receivables	-	41,215,755	-	41,215,755
Investment in treasury bill	-	6,771,668	-	6,771,668
Deposit to healthcare providers	-	3,773,000	-	3,773,000
Security deposit	-	118,000	-	118,000
<b>Total</b>	<b>P13,636,440</b>	<b>P51,878,423</b>	<b>P -</b>	<b>P65,514,863</b>

Explanation on the credit quality of financial assets are as follows:

i. Cash

Cash are classified as "Grade Satisfactory" since cash are placed in high profile banking institutions.

For cash and cash equivalents and financial assets of similar nature, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

As at December 31, 2024 and 2023, management assessed that the allowance for ECL on these financial instruments is not material.

ii. Contract receivables

Receivables are categorized based on the collection experience with the counterparties.

iii. Investment in Treasury Bills

Investment in treasury bills are categorized based on the collection experience with the counterparties.

- A. High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- B. Standard Grade - some reminder follow-ups are performed to obtain settlement from the counterparty.
- C. Impaired - difficult to collect with some uncertainty as to collectability of the accounts.

For assets to be classified as 'past due and impaired', contractual payments in arrears are more than one (1) year. When credit exposure is adequately secured, if any, arrears more than one (1) year might still be classified as 'past due but not impaired', with no impairment adjustment recorded. The Company operates mainly on a 'neither past due nor impaired basis' and when evidence is available an impairment assessment will also be performed, if applicable.

The maximum amount that best represents credit risk on cash in banks, contract receivables, investment in treasury bill, deposit to healthcare providers and security deposit pertain to their carrying amounts of P87,965,792 and P65,514,863 as at December 31, 2024 and 2023, respectively. The financial effect to the Company pertaining to its exposure to credit risk is not significant given its strategy to mitigate risks.

The Company writes off its receivables which are not expected by management to be collected in the near future.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The loss rates are based on actual credit-impaired accounts. The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics. The expected loss rates on these receivables are determined based on the history of credit-impaired accounts.

The Company incorporates Forward-Looking Information (FLI) into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Overall, the Company considers its high grade and standard grade accounts of good quality and it expects to collect all its contract receivables.

The Company's credit risk is primarily attributable to its contract receivables and cash in banks.

The Company has no "neither past due nor impaired" and "past due or impaired contract receivables".

Debt securities measured at amortized cost and at FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In 2024, the Company has not recognized ECL for debt securities at amortized cost and debt securities at FVOCI.

■ **Liquidity risk**

**Maturity of Assets and Liabilities**

The following table presents the Financial assets and Financial liabilities as at December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled within one (1) year and beyond one year from statements of financial position date:

December 31, 2024:	Due Within One Year	Due Beyond One Year	Total
<b>Financial Assets:</b>			
<i>Current Assets</i>			
Cash in banks	P12,397,798	-	P12,397,798
Contract receivables	64,506,706	-	64,506,706
Investment in treasury bill	7,070,289	-	7,070,289
Deposit to healthcare providers	3,873,000	-	3,873,000
Security deposit	118,000	-	118,000
	<b>P87,965,793</b>	<b>-</b>	<b>P87,965,793</b>
<b>Financial Liabilities:</b>			
<i>Current Liabilities</i>			
Unearned revenue	P34,090,700	-	P34,090,700
Claims payable	4,800,127	-	4,800,127
Trade and other payables	54,134	-	54,134
Other current liabilities	7,053,514	-	7,053,514
	<b>P45,998,475</b>	<b>-</b>	<b>P45,998,475</b>
<hr/>			
December 31, 2023:	Due Within One Year	Due Beyond One Year	Total
<b>Financial Assets:</b>			
<i>Current Assets</i>			
Cash in banks	P13,636,440	-	P13,636,440
Contract receivables	41,215,755	-	41,215,755
Investment in treasury bill	6,771,668	-	6,771,668
Deposit to healthcare providers	3,773,000	-	3,773,000
Security deposit	118,000	-	118,000
	<b>P65,514,863</b>	<b>-</b>	<b>P 65,514,863</b>
<b>Financial Liabilities:</b>			
<i>Current Liabilities</i>			
Unearned revenue	P12,930,381	-	P12,930,381
Claims payable	7,942,798	-	7,942,798
Trade and other payables	42,242	-	42,242
Other current liabilities	4,691,435	-	4,691,435
	<b>P25,606,856</b>	<b>-</b>	<b>P25,606,856</b>

The Company's financial liabilities as at December 31, 2024 and 2023 amounted to ₱45,998,475 and ₱25,606,856, respectively which are less than its financial assets of ₱87,965,793 and ₱65,514,863, respectively. Thus, the Company has sufficient funds to pay its financial liabilities and has minimal liquidity risk.

The Company's objective is to maintain a balance between continuity of funding flexibility through the use of bank loans and extension of suppliers' credit. The strong credit worthiness of the Company gives it the ability to save funds as the need arises. The Company presently has a credit facility with local bank that allows it to borrow the needed funds from time to time.

■ **Interest Rate Risk**

The Company's exposure to interest rate risk arised from the following interest-bearing financial instruments:

**December 31, 2024**

**Fixed interest rate:**

**Financial Assets:**

	Interest rate	2024	2023
Cash in banks	0.03%	<b>₱407,019</b>	₱346,780

The Company's exposure to interest rate risk is minimal since the Company's financial assets is short term in nature and interest rate is fixed.

**26. CAPITAL MANAGEMENT**

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may obtain additional advances from shareholders, return capital to shareholders or issue new shares and the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes in 2024 and 2023.

The Company's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Company will not obtain additional loans to mitigate finance costs in order to generate higher returns.

	2024	2023
Total Liabilities	<b>45,998,475</b>	25,606,856
Equity	<b>48,255,029</b>	45,482,575
Debt to equity ratio	<b>.95:1</b>	.56:1

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

In 2024, the Company's debt-to-equity ratio is .95:1 from the .56:1 in 2023. The Company is solvent. The Company plans to maintain the debt-to-equity ratio since its funding requirements are ably met thru proper cash flows management.

The Company is not exposed to externally imposed paid-up capital requirements by the Securities and Exchange Commission.

## 27. INCOME TAX EXPENSE

The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in the statements of income follows:

	2024	2023
Profit before income tax expense	3,363,813	1,270,425
Interest income subject to final tax	(407,019)	(346,780)
Taxable income	2,956,794	923,645
At statutory income tax rate	591,359	184,729
Minimum corporate income tax	426,057	260,911
Income tax expense	591,359	260,911
Prior year's excess credit other than MCIT	(4,622,831)	(3,582,550)
Creditable tax withheld from previous quarters	(1,073,614)	(963,344)
Creditable tax withheld for the 4th quarter	(474,321)	(337,848)
Income tax payable (Excess credit)	(5,579,407)	(4,622,831)

The Company is subject to regular corporate income tax (RCIT), 20% in 2024 and 2023 of net taxable profit, and minimum corporate income tax (MCIT), 2 % in 2024 and 1.5% in 2023 of gross profit, whichever is higher. The Company's tax subjected to RCIT in 2024 while MCIT in 2023.

### Schedule of Recognized Deferred Tax Assets

	2024	2023
MCIT	234,174	234,174
NOLCO	238,989	238,989
<b>Total</b>	<b>473,163</b>	<b>473,163</b>

#### Details of NOLCO

Inception Year	Expiry Year	Amount	Applied Previous Year	Applied Current Year	Net Operating Loss Unapplied
2022	2025	1,194,946	-	-	1,194,946

#### Details of MCIT

Inception Year	Expiry Year	Amount	Applied Previous Year	Applied Current Year	Minimum Corporate Income Tax Unapplied
2022	2025	157,992	-	-	157,992
2023	2026	76,182	-	-	76,182
<b>Total</b>		<b>234,174</b>	<b>-</b>	<b>-</b>	<b>234,174</b>

## **REVENUE REGULATIONS**

**Republic Act 9504**, Effective July 2008, Republic Act 9504 was approved giving corporate tax payees an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2024 and 2023, the Company opted to continue claiming itemized standard deductions.

**Revenue Regulation No. 34-2020**, the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of Revenue Regulations (RR) Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010. The Company is not required to submit BIR Form 1709 together with its annual income tax return according to section 2 of the above-mentioned revenue regulation.

### **28. PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET**

The Company is not aware of any other pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required by PAS 37 of PFRS, Provisions and Contingencies, to be accrued or disclosed in the financial statements and the Company has not consulted a lawyer concerning litigation, claims or assessments.

### **29. EVENTS AFTER THE REPORTING PERIOD**

No events after the reporting period were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting period), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting period).

### **30. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorized for issuance by the Board of Directors on March 31, 2025. The Board of Directors is still empowered to make revisions on financial statements even after the date of issue.

### **31. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)**

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not required disclosure under PFRS.

In compliance with Revenue Regulation 15-2010 as required by the BIR, presented below are information on taxes and licenses:

#### **31.1 Requirements Under Revenue Regulations (RR) 15-2010**

##### **A. OUTPUT VAT DECLARED FOR 2024**

<b>Account Title</b>	<b>Net sales</b>	<b>Output tax</b>
Taxable - Sale of service	<b>P93,930,933</b>	<b>P11,271,712</b>

**B. THE AMOUNT OF VAT INPUT TAXES CLAIMED BROKEN DOWN AS FOLLOWS:**

Beginning of the year:	
Current year's domestic purchases/payment for:	
Domestic purchase of good other than capital goods	385,308
Domestic purchase of services	7,936,179
Total available input tax-current	<u>8,321,486</u>
Claims for tax credit/refund and other adjustments	
Input tax deferred	-
Input tax closed to expense	-
Total available input tax-current	8,321,486
Input tax applied	<u>(8,321,486)</u>
Net Balance at the end of the year	<u><u>-</u></u>

**C. WITHHOLDING TAXES**

Taxes on Compensation & benefits	422,483
Creditable/Expanded withholding tax	1,557,653
Total	<u><u>P1,980,136</u></u>

**D. TAXES AND LICENSES**

Annual BIR registration	500
Permits and Licenses	105,012
Total	<u><u>P105,512</u></u>

**E. TAX ASSESSMENTS AND CASES**

The Company has no pending tax assessment and cases. All other information required under RR No.15-2010 that were not disclosed are not applicable to the Company.

**31.2 Requirements Under Revenue Regulations (RR) 19-2011**

In compliance with RR 19 2011, the following schedules are presented:

On December 9, 2011, the BIR issued RR 19-2011 which prescribes the new form that will be used for income tax filing covering and starting with periods ending December 31, 2011 and onwards. This recent RR requires schedules of taxable revenues and other non-operating income, costs of sales and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues, deductible costs of goods sold and deductible expenses presented in the succeeding paragraphs are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2024 statements of comprehensive income.

**A. TAXABLE REVENUE**

	<b>2024</b>
Sale of service	<u><u>P88,703,442</u></u>

**B. DEDUCTIBLE COST OF SERVICE**

This account consists of:

	<b>2024</b>
Out-patient Claims/Services	49,238,535
In-patient Claims/Services	14,462,659
Medical Professional fees	2,911,475
Commission Expense	787,905
Total	<u><u>P67,400,574</u></u>

**C. OTHER INCOME**

	2024
Interest income in bank deposits	<b>₱407,019</b>

Interest income is subjected to final tax.

**D. ITEMIZED DEDUCTIONS**

This account consists of administrative expenses as follows:

	2024
Compensation and other benefits <i>(Note 20)</i>	<b>7,622,994</b>
Transportation and Travel Expenses	<b>3,034,052</b>
Printing, Stationery and Supplies	<b>1,102,861</b>
Representation and Entertainment	<b>822,547</b>
Rental Expense	<b>708,000</b>
SSS, ECE, PHIC and HDMF contributions	<b>577,476</b>
Auditor's Fees	<b>355,000</b>
Telecommunication and Postage	<b>348,486</b>
Depreciation <i>(Note 21)</i>	<b>330,402</b>
Actuarial Fees	<b>268,582</b>
Power, Light and Water	<b>226,730</b>
Insurance Expenses	<b>184,807</b>
Membership Fees and Dues	<b>135,000</b>
Legal Fees	<b>120,000</b>
Taxes and Licenses <i>(Note 31)</i>	<b>105,512</b>
Advertising and Promotions	<b>103,487</b>
Repairs and Maintenance	<b>20,000</b>
Bank Charges	<b>19,730</b>
Miscellaneous Expenses	<b>2,260,408</b>
Total	<b>₱18,346,074</b>

## CERTIFICATION

March 31, 2025

Financial Examination Group  
Insurance Commission  
1071 United Nations Avenue, Ermita  
Manila, 1000

### To whom it may concern:

I hereby attest that I have examined all the documents, schedules and other related records relative to the audit of the financial statements of **ASIANCARE HEALTH SYSTEMS, INC.** as of and for the year ended December 31, 2024. I declare that the reports submitted to the Insurance Commission per IC Circular Letter No. 2024-03, are true and accurate to the best of my knowledge.

### **PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, July 5, 2023, valid until February 28, 2026

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



### **FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

March 31, 2025

Muntinlupa City, Metro Manila



**NOT VALID WITHOUT SEAL**

## CERTIFICATION

March 31, 2025

Financial Examination Group  
Insurance Commission  
1071 United Nations Avenue, Ermita  
Manila, 1000

**To whom it may concern:**

In compliance with the IC Circular Letter No. 2024-03, we certify the following in relation to the audit of our client, **ASIANCARE HEALTH SYSTEMS, INC.** for the year ended December 31, 2024.

1. We have not discovered any material findings involving fraud or error;
2. There are no actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the total assets;
3. There is no significant doubt as to the ability of the Company to continue as a going concern;
4. We have not discovered any material breach of laws or IC rules and regulations, such as, but not limited to the prescribed:
  - a. Net worth requirements
  - b. Risk-based capital requirements
5. There are no material internal control weaknesses which may lead to financial reporting problems; and
6. There are no findings on matters of corporate governance that may require urgent action by the IC.

It is, however, understood that the accountability of an external auditor is based on matters within the normal coverage of an audit conducted in accordance with generally accepted auditing standards.

*(Signature page follows)*



**PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028  
SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until  
December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, July 5, 2023, valid until February 28, 2026

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended  
until December 31, 2025 per SEC Notice dated April 4, 2025

BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

March 31, 2025

Muntinlupa City, Metro Manila

**NOT VALID WITHOUT SEAL**

