2025

ANNUAL REPORT

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MISSION/VISION CORE VALUES

Vision

- To be the leading Health Maintenance Organization recognized for exceptional, personalized service—trusted by all, and especially valued by blue-collar and project-based workers across the Philippines.

Mission

- To provide our members with seamless and dependable healthcare experience by delivering high-quality, timely, professional, and affordable services ensuring peace of mind and well-being at every stage of care.

Core Values

Integrity

We act honestly and honor our commitments

Compassion

We treat members with empathy and respect

Professionalism

We deliver competent, timely, and high-quality service

Respect

We value diversity, dignity, and the rights of others

Accountability

We take responsibility for our decisions and actions

FINANCIAL HIGHLIGHTS

Net Worth

	2025
Total Assets	62,701,382
Total Liabilities	14,215,224
TOTAL EQUITY/ NET WORTH	**48,486,158**
Actual Paid-up Capital	25,000,000
EXCESS IN NET WORTH	**23,486,158**

Risk-Based Capitalization

	2025
Actual Gross Membership Fee	53,289,184
Maximum Risk on Membership Fee	125,000,000
Over Exposure	**0**

"Trust Sustained: Member Confidence and Partnerships Deepened, Reflecting Integrity and Compliance."

FINANCIAL HIGHLIGHTS

Liquidity

	2024	2025
Total Current Assets	93,595,200	56,317,547
Total Current Liabilities	45,998,475	14,215,224
ACID TEST RATIO	**2.03**	**3.96**

“Efficiency Elevated: Quick Asset Utilization Improved, Boosting Acid Test Ratio and Supporting Agile Operations”

Corporate History

AsianCare Health Systems, Inc. is a privately owned Health Maintenance Organization (HMO) organized and existing under the laws of the Republic of the Philippines. The company is founded in 2011 and is one of the pioneer members of Philippine Association of Health Maintenance Organization Companies (PAHMOC). The Company is committed to delivering accessible, affordable, and quality healthcare services to its members through a network of accredited healthcare providers nationwide.

Board of Directors and Officers

- Ms. Arlene L. Aguilar – Chairman of the Board
- Mr. Paul Vincent M. Villaseñor – President
- Mr. Ronualdo S. Aguilar – Vice President
- Mr. Joseph Robert D. Wolfe – Corporate Secretary
- Mr. Henry Constantine D. Wolfe – Treasurer

Compliance Commitment

The Company affirms its unwavering commitment to the highest standards of corporate governance by promoting accountability, transparency, fairness, and integrity in all its operations. It shall safeguard the interests of shareholders, members, healthcare providers, employees, and regulators, ensuring that all stakeholders are treated equitably and responsibly.

Furthermore, the Company guarantees that its management and operations are conducted in strict compliance with the Revised Corporation Code of the Philippines, the rules and regulations of the Insurance Commission, and other applicable regulatory issuances. This Compliance Statement serves as a formal declaration of the Company's dedication to lawful, ethical, and resilient governance practices.

Governance Structure

The executive authority of the Company shall be vested exclusively in the two founding shareholders, who shall retain full and unified control over all management decisions, strategic direction, and operational execution. The Chief Executive Officer (CEO), shall exercise final decision-making authority on all executive matters, subject to applicable laws and fiduciary duties.

In recognition of the Company's size and integrated leadership structure, the founders may concurrently hold multiple executive positions, provided such roles do not violate statutory prohibitions on incompatible functions. To preserve accountability and transparency, the Board shall ensure that appropriate checks and balances are maintained, particularly between those who authorize transactions and those who record or audit them.

This executive structure is reinforced by the Company's governance provisions, which ensure that:

- The founders retain majority voting control in all board resolutions, either through shareholding or special provisions in the bylaws.
- Non-executive directors may participate in board meetings in an advisory capacity, unless otherwise authorized by the founders.
- No amendment to the bylaws or articles of incorporation that diminishes the founders' executive authority shall be valid without their written consent.
- The founders hold veto power over any resolution that materially affects corporate control, management, or ownership.

This framework ensures continuity, strategic alignment, and the preservation of the founders' vision while maintaining compliance with Philippine corporate governance standards.

SUCCESSION PLANNING AND BOARD COMPOSITION

Succession Planning

To ensure leadership continuity and organizational resilience, AsianCare Health Systems, Inc. maintains a succession framework that reflects its founder-led governance model. While the founding shareholders retain executive authority, the Company recognizes the importance of preparing for future transitions in key leadership roles.

- **Founders' Oversight**: The founders shall identify and mentor potential successors for executive roles, ensuring alignment with the Company's values, strategic direction, and governance principles.

- **Continuity Measures**: In the event of temporary or permanent incapacity of a founder, interim leadership shall be appointed in accordance with pre-established protocols, subject to the founders' prior written directives or shareholder agreements.

- **Talent Development**: The Company encourages internal capacity-building to develop future leaders who embody AsianCare's mission, values, and commitment to service excellence.

Board Composition

The Board of Directors is composed of individuals selected for their integrity, competence, and alignment with the Company's vision. Given AsianCare's scale and operational model:

- Advisory Participation: Non-executive directors may be appointed to provide independent perspectives and specialized expertise. Their roles shall be advisory in nature unless otherwise authorized by the founders.

- Flexible Structure: The Board may operate with a streamlined committee structure, with designated directors assuming oversight responsibilities in areas such as audit, risk, and compliance, consistent with good governance practices.

This structure ensures that AsianCare remains agile, founder-led, and strategically aligned, while upholding transparency, accountability, and regulatory compliance.

SUCCESSION PLANNING AND BOARD COMPOSITION

Fiduciary Duties of Directors

Each director shall:

·Act in good faith and in the best interests of the Company;
·Exercise due care, skill, and diligence in the performance of duties;
·Avoid conflicts of interest and promptly disclose any existing or potential conflict;
·Comply with the Company's Articles of Incorporation, By-Laws, this Manual, and applicable laws and regulations.

Board Composition

The Company shall have at least the following corporate officers: **President, Treasurer, and Corporate Secretary**

President – must be a member of the Board;
Treasurer – must be a resident of the Philippines;
Corporate Secretary – must be a Filipino citizen and resident of the Philippines

Mandatory Requirements

·Must be a natural person (not a corporation or entity);
·Must be a Filipino citizen and resident of the Philippines;
·Must be at least 18 years old;
·Must own at least one share of stock in the corporation;
·Must be elected by the shareholders

Compliance Officer

If required by law or regulation (e.g., classification as a regulated entity or corporation vested with public interest), the Board shall appoint a Compliance Officer who shall:

·Oversee compliance with laws, regulations, and this Manual;
·Monitor adherence to regulatory requirements of the Insurance Commission and other agencies;
Report directly to the Board or the Chairperson.

BOARD COMMITTEES AND ALTERNATIVES

Policy on Board Committees

The Company recognizes the role of Board committees in enhancing governance, particularly in the areas of audit, risk management, and related-party transactions. However, due to its small scale and the fact that directors also perform executive functions, AsianCare may adapt its committee structure while maintaining the principles of good governance.

Audit and Risk Oversight – Alternative Structure

Rationale

Due to the Company's current size, resources, and the overlapping roles of directors who also perform executive functions, Asian Care Health Systems, Inc. does not maintain separate Audit and Risk Management Committees at this time. However, the **Company recognizes that audit and risk oversight are mandatory governance functions for an HMO.** To comply with regulatory principles while remaining practical for a small private corporation, the **Board of Directors, acting as a collegial body,** assumes the responsibilities typically assigned to an Audit Committee and a Board Risk Oversight Committee, with a **designated Lead Director for Audit and Risk.** The Company commits to constituting separate committees once its scale, complexity, or regulatory classification reasonably requires a more specialized committee structure.

BOARD COMMITTEES AND ALTERNATIVES

Full Board Acting as Audit and Risk Oversight Body

Instead of creating separate Audit and Risk Management Committees, the Company adopts the following arrangement:

- The full Board shall collectively perform the functions typically assigned to:
  - An Audit Committee, and
  - A Board Risk Oversight Committee.

In this capacity, the Board shall:

- Oversee the integrity of the Company's **financial reporting** and internal control systems;
- Oversee the Company's **risk management framework**, including strategic, financial, operational, clinical, and compliance risks;
- Review and approve the engagement and performance of the **external auditor**;
- Approve and periodically review the **internal audit plan** (whether in-house or outsourced).

The Company acknowledges that, when it reaches a certain scale or when required by regulators, it may reconstitute these functions into separate committees.

Lead Director for Audit and Risk

The Board shall designate one non-executive or independent director, where available, as Lead Director for Audit and Risk, who shall:

- Coordinate Board discussions on financial reporting, internal controls, and risk management;
- Serve as primary liaison with the external auditor and internal audit function;
- Ensure that audit and risk issues are regular items on the Board agenda.

BOARD PROCESSES

Meetings

The Board shall hold regular meetings at least quarterly, and special meetings as needed. Meetings may be conducted via remote communication as allowed by law and the By-Laws.

Quorum and Voting

A quorum is established when more than 50% of the total number of directors, based on their ownership or interest percentages, are present at the meeting.
Board actions shall be decided by majority vote of the directors present, unless a higher threshold is required.

INTERNAL CONTROL, RISK MANAGEMENT, AND COMPLIANCE

Internal Control System

Management shall design and maintain an internal control system that covers, at minimum:

- Premium billing and collection;
- Claims processing and provider payments;
- Cash management and investments;
- Member enrollment, eligibility, and plan setup;
- IT and data security

Risk Management

- The Company shall adopt a risk management process that includes:
- Identification of key strategic, financial, operational, clinical, and compliance risks;
- Annual or periodic risk assessment;
- Documentation of risks in a risk register;
- Development of risk mitigation measures and periodic monitoring.

Compliance

The Compliance Officer or designated officer shall:

- Monitor compliance with HMO regulations, Insurance Commission circulars, health
- regulations, tax and labor laws, and the Data Privacy Act;
- Coordinate with regulators and handle regulatory examinations and inspections;
- Prepare and submit required regulatory reports

AUDIT FEES AND CORE SERVICES

Audit Fees

The Board of Directors has confirmed the appointment of Paguio Dumayas and Associates, CPAs (PDAC) as its external auditor for the fiscal year 2025.
The aggregate fees paid to PDAC is PHP331,114.

Core Services

- Outpatient Care
- Emergency Care
- Hospital Confinement
- Dental Care
- Preventive Healthcare

SUSTAINABILITY MANAGEMENT PLAN

2025

SUSTAINABILITY GOVERNANCE AND OVERSIGHT

AsianCare Health Systems, Inc. (“AsianCare”) integrates sustainability into its governance framework to ensure that environmental, social, and governance (ESG) considerations are embedded in strategic decision-making and day-to-day operations. While the Company operates with a lean structure, it upholds the highest standards of accountability, transparency, and ethical conduct in line with Philippine corporate governance principles.

ESG INTEGRATION

Governance
Ethical business conduct, data privacy, and risk management are guided by the Corporate Governance Manual and reinforced through internal controls and periodic reviews.

Social
Employee well-being, member satisfaction, and community health initiatives are prioritized through inclusive policies and responsive service delivery.

Environmental
Resource efficiency, waste reduction, and climate-conscious practices are incorporated into facility management and procurement decisions.

Recognizing the dual roles of directors and executives in a small-scale organization, AsianCare adopts a flexible approach to committee structures. While formal committees on audit, risk, and related-party transactions may be streamlined, their core functions are preserved through designated responsibilities and regular Board oversight.

ADAPTIVE OVERSIGHT

CONTINUOUS IMPROVEMENT

AsianCare is committed to enhancing its sustainability governance by:
Evolving governance through periodic refinement of its frameworks to meet emerging ESG Standards, stakeholder insights integrated into policy and performance, and a culture of Integrity, Innovation, and Shared Accountability advanced across the organization.

ENVIRONMENTAL PERFORMANCE

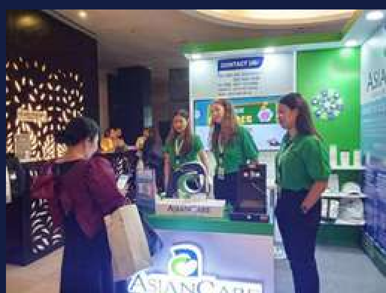
AsianCare's environmental footprint is primarily defined by electricity use from lighting, air conditioning, and computer systems, alongside water consumption for routine office activities. Unlike industrial enterprises, the organization does not operate heavy machinery or energy-intensive equipment, concentrating its impact in these manageable areas. Complementing this, the company is actively reducing reliance on paper records by expanding digital platforms and electronic health documentation. This transition not only curtails paper usage and waste but also streamlines workflows, strengthens data security, and enhances patient care quality. Collectively, these initiatives underscore AsianCare's commitment to sustainability within a service-oriented healthcare model—where deliberate improvements in energy, water, and resource management foster efficiency and environmental responsibility.

SOCIAL PERFORMANCE

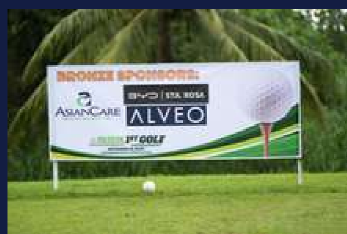
AsianCare's social performance underscores its commitment to people—patients, members, and employees alike. The organization invests in health education initiatives that empower members to make informed decisions about their well-being, while continuous staff training ensures employees remain equipped with the latest knowledge, skills, and professional standards. A strong emphasis on diversity and inclusion fosters a workplace culture that values different perspectives, contributing to higher retention and satisfaction. Complementing this, comprehensive health and safety programs safeguard both staff and patients, reinforcing trust in operations. On the member side, AsianCare actively measures and pursues improvements in satisfaction, focusing on responsiveness, quality of care, and overall experience. Recent investments in communication infrastructure, including a PaBX system to streamline call handling, further strengthen accessibility and service delivery, ensuring members and stakeholders are heard promptly and efficiently. Efforts to expand access through digital platforms, streamlined processes, and community outreach guarantee that healthcare remains equitable and available. Underlying all these initiatives is a commitment to professionalism, guiding interactions with patients, partners, and regulators. By integrating education, training, inclusivity, safety, and enhanced communication systems into daily operations, AsianCare amplifies its social impact and builds lasting confidence among stakeholders.

Community Engagement

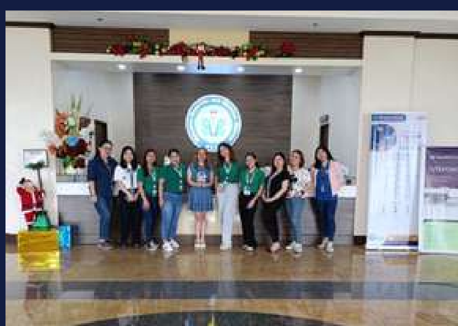
PALSCON 15TH National Conference at Taal Vista Hotel, Tagaytay City – September 26, 2025



PALSCON 1ST Golf Tournament at Sta. Rosa, Laguna – November 18, 2025



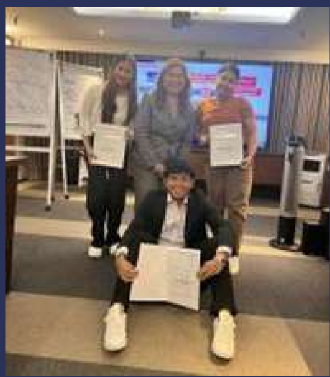
- Makati Life Medical Center Partners Meeting – October 17, 2025
- Cebu Doctors Hospital Partners Appreciation Meeting – August 12, 2025
- Malabon Hospital and Medical Center Partners Meeting – November 28, 2025



SOCIAL PERFORMANCE

Capacity Building

- Corporate Governance Orientation Program by Institute of Corporate Directors – Oct. 7 & 8, 2025
- People Handling Skills Leadership Masterclass at Guthrie Jensen - Oct. 8 to 10, 2025



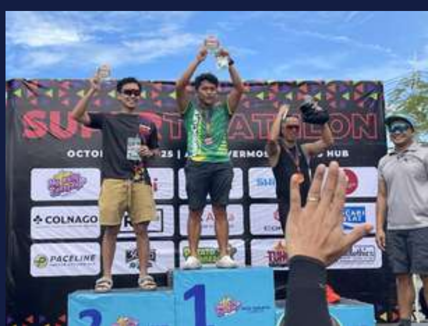
Awareness and Advocacy

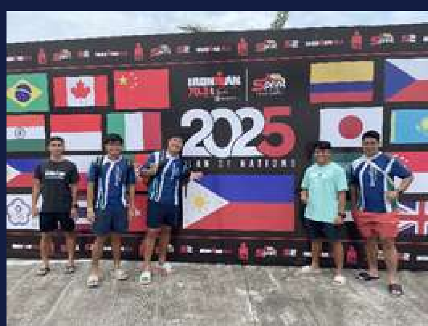
Health Promotion and Employee APE Activities

PALSCON Fun Run at Nuvali, Sta. Rosa, Laguna

Breast Cancer Awareness Program – October 18, 2025 at Brgy. Dita, Sta. Rosa, Laguna

Supporting Athletes in Various International & Local Multisport Competitions





GOVERNANCE PERFORMANCE

Ethics

AsianCare enforces a comprehensive Code of Conduct for directors, officers, and employees, supported by whistleblower protections and strict anti-bribery/anti-corruption policies. These practices promote accountability, transparency, fairness, and integrity across all operations and relationships.

Compliance

The Company ensures adherence to Insurance Commission (IC) regulations, the Data Privacy Act of 2012, and other healthcare-related laws. Governance practices also align with the Revised Corporation Code of the Philippines and applicable rules of regulators, safeguarding responsible management and regulatory compliance.

Risk Management

A structured risk management framework identifies, assesses, and mitigates operational, financial, and reputational risks. Reviews focus on claims processing, provider network reliability, and patient confidentiality, ensuring resilience while protecting the interests of shareholders, members, healthcare providers, employees, and regulators

Internal Audit

- AsianCare's internal audit function provides independent assurance on financial controls, claims management, and compliance. Findings are reported to the Board, with corrective actions tracked to closure, reinforcing accountability and continuous improvement in governance practices.
- There were no notable breaches of governance standards identified throughout the reporting period.
- Internal audit results were proactively addressed, with the majority of findings successfully resolved within the reporting period.
- The Company maintained 100% compliance with financial reporting standards, security deposit obligations, and prescribed capital requirements throughout the reporting period.

Operational Highlights

- 11 Newly accredited Hospitals
- 44 Newly accredited Out-patient clinics
- 42 Newly accredited Dental clinics

CONCLUSION

AsianCare Health Systems, Inc. (AHSI) reaffirms its steadfast commitment to responsible governance, sustainable operations, and stakeholder trust. Throughout the reporting period, the Company consistently upheld the principles of accountability, transparency, fairness, and integrity, in full alignment with the Revised Corporation Code of the Philippines, the Insurance Commission's regulatory framework, and other applicable laws.

By fortifying governance structures, strengthening compliance mechanisms, and embedding risk management into healthcare delivery, AHSI continues to safeguard the interests of its members, shareholders, healthcare providers, employees, and regulators. Internal audit initiatives and ongoing board education further reinforce a culture of integrity, professionalism, and continuous improvement.

Looking ahead, the Company remains resolute in integrating environmental, social, and governance (ESG) principles into its strategic agenda, advancing operational efficiency, and promoting sustainable healthcare solutions. These continuing efforts reflect AHSI's vision of delivering quality healthcare while contributing positively to the broader community and ensuring long-term resilience.

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: asiancare_accounting@yahoo.com

Cc: santaana1214@yahoo.com.ph

Date: Friday, May 15, 2026 at 06:30 AM GMT+8

Hi ASIANCARE HRALTH SYSTEMS, INC.,

Valid files

- EAFS008150291AFSTY122025.pdf
- EAFS008150291ITRTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-PYM4R2ZX08J6798LAM32WZTYV0CKJLEAGG**
Submission Date/Time: **May 15, 2026 06:30 AM**
Company TIN: **008-150-291**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **ASIANCARE HEALTH SYSTEMS, INC.** is responsible for the preparation and fair presentation of the amended financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC) independent auditors 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, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature____________________
ARLENE L. AGUILAR
Chairman of the Board

Signature____________________
PAUL VINCENT M. VILLASEÑOR
President

*Signature*____________________
HENRY CONSTANTINE D. WOLFE
Chief Financial Officer

Signed this 10th day of April, 2026

PDAC
PAGUIO, DUMAYAS & ASSOCIATES, CPAS
PrimeGlobal | The Association of Advisory and Accounting Firms
3rd Floor Elizabeth Center Building, National Road., Brgy. Putatan, Muntinlupa City, Philippines
(02) 700 156 47
www.pdacgroup.com/pdac

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, 2025**, on which we have rendered the attached report dated April 29, 2026.

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, March 1, 2026 valid until February 28, 2029
BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit
CDA Accreditation No. 124-AF, January 15, 2025 valid until January 14, 2030

For the Firm:

Cristina Joy D. Cancela

CRISTINA JOY D. CANCELA
Senior Partner
CPA Certificate No. 144101
Tax Identification Number 426-848-021-000
BIR Accreditation No. 08-800011-003-2025, February 3, 2025, valid until February 2, 2028
BOA Accreditation No. 5614/P-003, March 1, 2026 valid until February 28, 2029
CDA Accreditation No. 1929, October 15, 2024 valid until October 14, 2029
IC Accreditation No. IC-EA-2025-0085-N (Group A), valid for 2025 to 2027 financial statements audits
BSP Accreditation No. 144101-BSP (Group B), valid for 2021 to 2025 financial statements audit
PTR No. 5087829, issued on January 14, 2026, Muntinlupa City

April 29, 2026
Muntinlupa City, Metro Manila

NOT VALID WITHOUT SEAL

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, 2025** and **2024**, 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, 2025** and **2024**, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 PFRS Accounting Standards, 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
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For the Firm:

Cristina Joy D. Cancela
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April 29, 2026
Muntinlupa City, Metro Manila

NOT VALID WITHOUT SEAL

ASIANCARE HEALTH SYSTEMS, INC.

STATEMENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2025 and 2024

(All Amounts in Philippine Peso)

		DECEMBER 31	
	NOTES	**2025**	2024
ASSETS			
Current Assets			
Cash	*6*	**8,708,314**	12,447,798
Contract receivables	*7*	**36,265,838**	64,506,706
Investment in treasury bill	*8*	**7,365,395**	7,070,289
Other current assets	*9*	**10,033,932**	9,570,407
Total Current Assets		**62,373,479**	93,595,200
Non-Current Assets			
Property and equipment	*10*	**327,903**	658,304
TOTAL ASSETS		**62,701,382**	94,253,504
LIABILITIES AND EQUITY			
Current Liabilities			
Unearned revenue	*11*	**6,550,777**	34,090,700
Claims payable	*12*	**3,638,298**	4,800,127
Trade and other payables	*13*	**78,903**	54,134
Other current liabilities	*14*	**3,947,246**	7,053,514
Total Current Liabilities		**14,215,224**	45,998,475
Equity			
Share capital	*15*	**25,000,000**	25,000,000
Retained earnings		**23,486,158**	23,255,029
Total Equity		**48,486,158**	48,255,029
TOTAL LIABILITIES AND EQUITY		**62,701,382**	94,253,504

See accompanying Notes to Financial Statements

ASIANCARE HEALTH SYSTEMS, INC.

STATEMENTS OF INCOME

For the Years Ended December 31, 2025 and 2024

(All Amounts in Philippine Peso)

	NOTES	DECEMBER 31 2025	 2024
REVENUE	16	**53,289,184**	88,703,442
COST OF SERVICE	18	**(34,715,418)**	(67,400,574)
GROSS INCOME		**18,573,766**	21,302,868
OTHER INCOME	17	**391,444**	407,019
TOTAL INCOME		**18,965,210**	21,709,887
ADMINISTRATIVE EXPENSES	19	**(18,362,606)**	(18,346,074)
PROFIT BEFORE TAX		**602,604**	3,363,813
INCOME TAX EXPENSE	27	**(371,475)**	(591,359)
PROFIT FOR THE YEAR		**231,128**	2,772,454

See accompanying Notes to Financial Statements

ASIANCARE HEALTH SYSTEMS, INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2025 and 2024

(All Amounts in Philippine Peso)

	SHARE CAPITAL *(Note 15)*	**RETAINED EARNINGS**	**TOTAL**
Balance at January 01, 2025	25,000,000	23,255,029	48,255,029
Profit for the year		231,128	231,128
Balance at December 31, 2025	**25,000,000**	**23,486,158**	**48,486,158**
Balance at January 01, 2024	25,000,000	20,482,575	45,482,575
Profit for the year		2,772,454	2,772,454
Balance at December 31, 2024	**25,000,000**	**23,255,029**	**48,255,029**

See accompanying Notes to Financial Statements

ASIANCARE HEALTH SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

(All Amounts in Philippine Peso)

		DECEMBER 31	
	NOTES	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**602,604**	3,363,813
Adjustments for:			
Depreciation	*21*	**330,401**	330,402
Interest income	*6 & 17*	**(391,444)**	(407,019)
Operating income before working capital changes		**541,561**	3,287,196
Decrease (Increase) in:			
Contract receivables	*7*	**28,240,868**	(23,290,951)
Other current assets	*9*	**(463,525)**	(1,143,546)
Increase (Decrease) in:			-
Unearned revenue	*11*	**(27,539,923)**	21,160,319
Claims payable	*12*	**(1,161,829)**	(3,142,671)
Trade and other payables	*13*	**24,769**	11,892
Other current liabilities	*14*	**(3,106,268)**	2,362,079
Cash Used in Operation		**(3,464,346)**	(755,682)
Income tax paid	*27*	**(371,475)**	(591,359)
Interest received	*6*	**391,444**	407,019
NET CASH USED IN OPERATING ACTIVITIES		**(3,444,378)**	(940,021)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in treasury bill	*8*	**(295,106)**	(298,621)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
NET DECREASE IN CASH		**(3,739,484)**	(1,238,643)
CASH, BEGINNING	*6*	**12,447,798**	13,686,440
CASH, END	*6*	**8,708,314**	12,447,798

See accompanying Notes to Financial Statements

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 Accounting Standards 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) Accounting Standards. 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 STANDARD (PFRS) ACCOUNTING STANDARDS

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 PFRS Accounting Standards 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, 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- 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 January 1, 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.

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 Accounting Standards that have been issued but are not yet effective.

- Amendments to PFRS 9 and PFRS 7 - *Amendments to the Classification Measurement of Financial Instruments and*

  The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and 7) are:

  Derecognition of a financial liability settled through electronic transfer

  The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

  Classification of financial assets

  - *Contractual terms that are consistent with a basic lending arrangement.*
    The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

- *Assets with non-recourse features.*
  The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- *Contractually linked instruments.*
  The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

- *Investments in equity instruments designated at FVTOCI.*
  The requirements in PFRS 7 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

- *Contractual terms that could change the timing or amount of contractual cash flows.*
  The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortized cost.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

If an entity elects to apply these amendments for an earlier period, it is required to either: apply all the amendments at the same time and disclose that fact or apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with PAS 8, with specific exceptions.

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.

- **Annual Improvements to PFRS Accounting Standards – Volume 11**

PFRS 1 First-time Adoption of International Financial Reporting Standards—Hedge accounting by a first-time adopter

For consistency with the requirements in PFRS 9, PFRS 1:B5-B6 were amended to refer to the 'qualifying criteria' for hedge accounting (instead of the 'conditions') and to add cross-references to PFRS 9:6.4.1 to improve the understandability of PFRS 1.

PFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition

The amendments remove an obsolete cross-reference in PFRS 7:B38 to a paragraph that had been deleted when PFRS 13 was issued and align the wording of this paragraph with the terms used in PFRS 13.

Guidance on implementing PFRS 7—Disclosure of deferred difference between fair value and transaction price

The amendments update PFRS 7:IG14 to make the wording of that paragraph consistent with PFRS 7:28 and improve the internal consistency of the wording in the example in PFRS 7:IG14.

Guidance on implementing PFRS 7—Introduction and credit risk disclosures

The amendments add a statement to PFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in PFRS 7:IG20B.

PFRS 9 Financial Instruments—Derecognition of lease liabilities

The amendments add a cross-reference to PFRS 9:3.3.3 in PFRS 9.2.1(b)(ii) to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply PFRS 9:3.3.3 and therefore recognise any resulting gain or loss in profit or loss.

PFRS 9 Financial Instruments—Transaction price

The amendments replace 'their transaction price (as defined in PFRS 15)' in PFRS 9.5.1.3 with 'the amount determined by applying PFRS 15' to address inconsistency between PFRS 9.5.1.3 and the requirements of PFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognized as revenue. Additionally, the reference to 'transaction price' (as defined in PFRS 15) is deleted from Appendix A of PFRS 9.

PFRS 10 Consolidated Financial Statements—Determination of a 'de facto agent'

The amendments address concerns that the requirements in PFRS 10:B73-B74 might, in some situations, be contradictory. PFRS 10:B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of PFRS 10:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The amendments update PFRS 10:B74 to use less conclusive language and to clarify that the relationship described in PFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

PAS 7 Statement of Cash Flows—Cost method

The amendment replaces the term 'cost method' with 'at cost' in PAS 7:37 in line with the removal of the definition of 'cost method' from the PFRS Accounting Standards. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. An entity is required to apply the amendments to PFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

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 9 and PFRS 7 - *Contracts Referencing Nature-dependent Electricity Amendments to PFRS 9 Financial Instruments***

The following requirements of PFRS 9 are affected by the amendments:

- the own-use requirements in PFRS 9 are amended to include the factors an entity is required to consider when applying PFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and

- the hedge accounting requirements in PFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
  - –to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
  - –to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

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 7 Financial Instruments: *Disclosures and PFRS 19 Subsidiaries without Public Accountability: Disclosures***

PFRS 7 and PFRS 19 were amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics. The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted.

The amendments to the own use exemption are required to be applied retrospectively in accordance with IAS 8 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

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.

- **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 paragraphs from IAS 1 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 January 1, 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 directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

- **PFRS 19 Subsidiaries without Public Accountability: Disclosures**

PFRS 19 permits an eligible subsidiary (defined as a subsidiary that does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards) to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements.

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

The directors of the Company do not anticipate that PFRS 19 will be applied on the Company's financial statements.

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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, 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 form 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 consists 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 or 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.

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 2025 and 2024, 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.

Category	Number of Years
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 ₱330,401 and ₱330,402 in 2025 and 2024, respectively (Notes 10 and 21). The carrying values of the property and equipment, net of accumulated depreciation amounted to ₱327,903 and ₱658,304 as of December 31, 2025 and 2024, 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 ₱36,265,838 and ₱64,506,706 as of December 31, 2025 and 2024, 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 2025 and 2024.

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, 2025 and 2024.

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, 2025 and 2024. As at December 31, 2025 and 2024, 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:

	2025	2024
Cash in banks	**8,658,314**	12,397,798
Cash on hand	**50,000**	50,000
Total	**8,708,314**	12,447,798

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 ₱391,444 and ₱407,019 in 2025 and 2024, respectively, as disclosed in Note 18.

7. CONTRACT RECEIVABLES

	2025	2024
	36,265,838	64,506,706

Contract receivables represent earned contracts amounting to ₱28,928,968 in 2025 and ₱26,325,122 in 2024 and unearned contracts amounting to ₱7,336,870 in 2025 and ₱38,181,584 in 2024 with total amount of ₱36,265,838 and ₱64,506,706 in 2025 and 2024, 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, 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:

	2025	2024
	7,365,395	7,070,289

Investment in treasury bill represents short-term financial instrument with face value of ₱7,390,000 issued by the government with maturity period of one year starting January 30, 2025 to January 28, 2026. The principal cost of the instrument amounted to ₱7,089,685 and earns interest of 5.66% per annum. Interest earned in 2025 amounted to ₱313,207.

9. OTHER CURRENT ASSETS

This account consists of:

	2025	2024
Creditable tax withheld	**6,055,932**	5,579,407
Deposit to healthcare providers	**3,860,000**	3,873,000
Security deposit	**118,000**	118,000
Total	**10,033,932**	9,570,407

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
GROSS CARRYING AMOUNT					
Balance, January 1, 2025	3,395,290	4,610,518	1,464,122	483,896	9,953,826
Additions	-	-	-	-	-
Balance, December 31, 2025	**3,395,290**	**4,610,518**	**1,464,122**	**483,896**	**9,953,826**
ACCUMULATED DEPRECIATION					
Balance, January 1, 2025	3,395,290	3,952,214	1,464,122	483,896	9,295,521
Depreciation in 2025	-	330,401	-	-	330,401
Balance, December 31, 2025	**3,395,290**	**4,282,615**	**1,464,122**	**483,896**	**9,625,922**
NET CARRYING AMOUNT					
Balance, December 31, 2025	**-**	**327,903**	**-**	**-**	**327,903**

	LEASEHOLD IMPROVEMENT	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	FURNITURE AND FIXTURE	TOTAL
GROSS CARRYING AMOUNT					
Balance, January 1, 2024	3,395,290	4,610,518	1,464,122	483,896	9,953,826
Additions	-	-	-	-	-
Balance, December 31, 2024	3,395,290	4,610,518	1,464,122	483,896	9,953,826
ACCUMULATED DEPRECIATION					
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
Balance, December 31, 2024	3,395,290	3,952,214	1,464,122	483,896	9,295,522
NET CARRYING AMOUNT					
Balance, December 31, 2024	-	658,304	-	-	658,304

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount of the assets of ₱327,903 and ₱658,304 as at December 31, 2025 and 2024, 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, 2025 and 2024.

11. UNEARNED REVENUE

This account consists of:

	2025	2024
	6,550,777	34,090,700

Unearned revenue represents portion of written contracts in 2025 and 2024 that have not yet due as at December 31, 2025 and 2024.

12. CLAIMS PAYABLE

This account consists of:

	2025	2024
Incurred but not reported	**1,874,482**	709,682
In the course of settlement	**1,218,481**	2,584,653
Claims handling expense payable	**428,877**	268,274
Due and unpaid claims	**116,458**	1,237,518
Total	**3,638,298**	4,800,127

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

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.

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

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.

13. TRADE AND OTHER PAYABLES

This account consists of:

	2025	2024
Trade payables	**47,695**	**20,264**
Accrued expenses	**31,208**	**33,870**
Total	**78,903**	**54,134**

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

	2025	2024
Due to government	**3,947,246**	7,053,514

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

	2025	2024
Authorized Capital Stock 250,000 / 250,000 common shares @ P100 par value	**25,000,000**	25,000,000
Subscribed and Paid-up Capital Stock 250,000 / 250,000 common shares @ P100 par value	**25,000,000**	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:

	2025	2024
Unappropriated balance at January 1	**20,482,575**	19,473,061
Profit for the year	**2,772,454**	1,009,514
Unappropriated balance at December 31	**23,255,029**	20,482,575

16. REVENUE

This account consists of:

	2025	2024
Sale of service	**53,289,184**	88,703,442

17. COST OF SERVICE

This account consists of:

	2025	2024
In-patient Claims/Services	**26,060,631**	49,238,535
Out-patient Claims/Services	**6,217,826**	14,462,659
Medical Professional fees	**2,049,990**	2,911,475
Commission Expense	**386,970**	787,905
Total	**34,715,418**	67,400,574

18. OTHER INCOME

This account consists of:

	2025	2024
Interest income in bank deposits and treasury bill	**391,444**	407,019

Interest income is subjected to final tax.

19. ADMINISTRATIVE EXPENSES

This account consists of:

	2025	2024
Compensation and other benefits *(Note 20)*	**8,997,083**	7,622,994
Transportation and Travel Expenses	**2,934,784**	3,034,052
Printing, Stationery and Supplies	**1,145,065**	1,102,861
SSS, ECE, PHIC and HDMF contributions	**799,373**	577,476
Taxes and Licenses *(Note 31)*	**750,700**	105,512
Rental Expense	**708,000**	708,000
Actuarial Fees	**472,720**	268,582
Representation and Entertainment	**410,264**	822,547
Telecommunication and Postage	**344,204**	348,486
Auditor's Fee	**331,114**	355,000
Depreciation *(Note 21)*	**330,401**	330,402
Power, Light and Water	**267,212**	226,730
Legal Fees	**210,000**	120,000
Membership Fees and Dues	**120,000**	135,000
Insurance Expenses	**107,191**	184,807
Advertising and Promotions	**-**	103,487
Bank Charges	**28,221**	19,730
Repairs and Maintenance	**15,739**	20,000
Miscellaneous Expenses	**390,534**	2,260,408
Total	**18,362,606**	18,346,074

20. COMPENSATION AND OTHER BENEFITS

This account consists of:

	2025	2024
Basic salaries and wages	**8,305,000**	7,052,722
13th month pay	**692,083**	570,272
Total	**8,997,083**	7,622,994

21. DEPRECIATION

Breakdown of the account were as follows:

	2025	2024
Leasehold improvement	**-**	-
Office equipment	**-**	-
Transportation equipment	**330,401**	**330,402**
Total	**330,401**	**330,402**

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 ₱708,000 in 2025 and 2024.

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

	2025	2024
Within one year	**708,000**	708,000
After one year but not more than five years	**-**	-
	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 ₱4,160,000 in 2025 and ₱3,932,500 in 2024 reporting period.

	2025	2024
Salaries and wages	**3,840,000**	3,630,000
13th month pay	**320,000**	302,500
Total	**4,160,000**	3,932,500

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, 2025 and 2024.

	2025		2024	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets:				
Current assets:				
Cash in banks	**₱8,658,314**	**₱8,658,314**	₱12,397,798	₱12,397,798
Contract receivables	36,265,838	36,265,838	64,506,706	64,506,706
Investment in treasury bill	7,365,395	7,365,395	7,070,289	7,070,289
Deposit to healthcare providers	3,860,000	3,860,000	3,873,000	3,873,000
Security deposit	118,000	118,000	118,000	118,000
	₱56,267,547	**₱56,267,547**	₱87,965,793	₱87,965,793
Financial Liabilities:				
Current liabilities:				
Unearned revenue	**₱6,550,777**	**₱6,550,777**	₱34,090,700	₱34,090,700
Claims payable	**3,638,298**	**3,638,298**	4,800,127	4,800,127
Trade and other payable	**78,903**	**78,903**	54,134	54,134
Other current liabilities	**3,947,246**	**3,947,246**	7,053,514	7,053,514
	₱14,215,224	**₱14,215,224**	₱45,998,475	₱45,998,475

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, 2025 and 2024.

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 customers and counterparties fail to perform their contractual obligations. The credit risk arises primarily from the Company's contract receivables, provider deposits, and cash in banks. The Company has a substantial number of customers; hence, credit risk is continuously monitored and managed through established credit policies and procedures covering credit initiation, approval, documentation, collection, and administration. Cash in banks are maintained with reputable local 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 future and contingent obligations of the Company, including claims payables, trade and other payables, unearned revenue, and government payables.

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:

	2025	2024
Current assets:		
Cash in banks	**₱8,658,314**	₱12,397,798
Contract receivables	**36,265,838**	64,506,706
Investment in treasury bills	**7,070,289**	7,365,395
Deposit to healthcare providers	**3,873,000**	3,860,000
Security deposit	**118,000**	118,000
Total credit risk exposure	**₱56,267,547**	₱87,965,793

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, 2025:	**Neither Past Due nor Impaired**		**Past Due or Impaired**	**Total**
	High Grade	**Standard Grade**		
Current assets:				
Cash in banks	**₱8,658,314**	**₱ -**	**₱ -**	**₱8,658,314**
Contract receivables	**-**	**36,265,838**	**-**	**36,265,838**
Investment in treasury bill	**-**	**7,365,395**	**-**	**7,365,395**
Deposit to healthcare providers	**-**	**3,860,000**	**-**	**3,860,000**
Security deposit	**-**	**118,000**	**-**	**118,000**
Total	**₱8,658,314**	**₱47,609,233**	**₱ -**	**₱56,267,547**

December 31, 2024:	Neither Past Due nor Impaired		Past Due or Impaired	Total
	High Grade	Standard Grade		
Current assets:				
Cash in banks	₱12,397,798	₱ -	₱ -	₱12,397,798
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
Total	₱12,397,798	₱75,567,995	₱ -	₱87,965,793

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, contact receivables, investment in treasury bill, deposit to healthcare providers and security deposit pertain to their carrying amounts of ₱56,267,547 and ₱87,965,792 as at December 31, 2025 and 2024, 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 2025, 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, 2025 and 2024 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, 2025:	**Due Within One Year**	**Due Beyond One Year**	**Total**
Financial Assets:			
Current Assets			
Cash in banks	**₱8,658,314**	-	**₱8,658,314**
Contract receivables	**36,265,838**	-	**36,265,838**
Investment in treasury bill	**7,365,395**	-	**7,365,395**
Deposit to healthcare providers	**3,860,000**	-	**3,860,000**
Security deposit	**118,000**	-	**118,000**
	₱56,267,547	-	**₱56,267,547**
Financial Liabilities:			
Current Liabilities			
Unearned revenue	**₱6,550,777**	-	**₱6,550,777**
Claims payable	**3,638,298**	-	**3,638,298**
Trade and other payables	**78,903**	-	**78,903**
Other current liabilities	**3,947,246**	-	**3,947,246**
	₱14,215,224	-	**₱14,215,224**

December 31, 2024:	Due Within One Year	Due Beyond One Year	Total
Financial Assets:			
Current Assets			
Cash in banks	₱12,397,798	-	₱12,397,798
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
	₱87,965,793	-	₱87,965,793
Financial Liabilities:			
Current Liabilities			
Unearned revenue	₱34,090,700	-	₱34,090,700
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
	₱45,998,475	-	₱45,998,475

The Company's financial liabilities as at December 31, 2025 and 2024 amounted to ₱14,215,224 and ₱45,998,475, respectively which are less than its financial assets of ₱56,267,547 and ₱87,965,793, 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, 2025
Fixed interest rate:
Financial Assets:

	Interest rate	**2025**	2024
Cash in banks	0.04%	**₱391,444**	₱407,019

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 2025 and 2024.

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.

	2025	2024
Total Liabilities	**14,215,224**	45,998,475
Equity	**48,486,158**	49,255,029
Debt to equity ratio	**0.29:1**	0.95:1

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 2025, the Company's debt-to-equity ratio is .29:1 from the .95:1 in 2024. 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:

	2025	2024
Profit before income tax expense	**602,604**	3,363,813
Interest income subject to final tax	**(391,444)**	(407,019)
Taxable income	**211,160**	2,956,794
At statutory income tax rate	**42,232**	591,359
Minimum corporate income tax	**371,475**	426,057
Income tax expense	**371,475**	591,359
Prior year's excess credit other than MCIT	**(5,579,407)**	(4,622,831)
Creditable tax withheld from previous quarters	**(616,229)**	(1,073,614)
Creditable tax withheld for the 4th quarter	**(231,771)**	(474,321)
Income tax payable (Excess credit)	**(6,055,932)**	(5,579,407)

The Company is subject to regular corporate income tax (RCIT), 20% in 2025 and 2024 of net taxable profit, and minimum corporate income tax (MCIT), 2% in 2025 and 2024 of gross profit, whichever is higher. The Company's tax subjected to MCIT in 2025 while RCIT in 2024.

Schedule of Recognized Deferred Tax Assets

	2025	2024
MCIT	**605,649**	234,174
NOLCO	**238,989**	238,989
Total	**844,638**	473,163

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
2025	2028	371,475	-	-	371,475
Total		**605,649**	-	-	**605,649**

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 2025 and 2024, 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 _______. The Board of Directors is still empowered to make revisions on financial statements even after the date of issue. The Board of Directors are still empowered to make the 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 2025

Account Title	Net sales	Output tax
Taxable - Sale of service	₱53,043,563	₱6,365,228

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	382,765
Domestic purchase of services	4,212,606
Total available input tax-current	4,595,371
Claims for tax credit/refund and other adjustments	
Input tax deferred	-
Input tax closed to expense	-
Total available input tax-current	4,595,371
Input tax applied	(4,595,371)
Net Balance at the end of the year	-

C. WITHHOLDING TAXES

Taxes on Compensation & benefits	468,950
Creditable/Expanded withholding tax	885,968
Total	₱1,354,918

D. TAXES AND LICENSES

Permits and Licenses	750,700

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 2025 statements of comprehensive income.

A. TAXABLE REVENUE

	2025
Sale of service	₱53,289,184

B. DEDUCTIBLE COST OF SERVICE

This account consists of:

	2025
In-patient Claims/Services	26,060,631
Out-patient Claims/Services	6,217,826
Medical Professional fees	2,049,990
Commission Expense	386,970
Total	₱34,715,418

C. OTHER INCOME

	2025
Interest income in bank deposits	₱391,444

Interest income is subjected to final tax.

D. ITEMIZED DEDUCTIONS

This account consists of administrative expenses as follows:

	2025
Compensation and other benefits *(Note 20)*	8,997,083
Transportation and Travel Expenses	2,934,784
Printing, Stationery and Supplies	1,145,065
SSS, ECE, PHIC and HDMF contributions	799,373
Taxes and Licenses *(Note 31)*	750,700
Rental Expense	708,000
Actuarial Fees	472,720
Representation and Entertainment	410,264
Telecommunication and Postage	344,204
Auditor's Fees	331,114
Depreciation *(Note 21)*	330,401
Power, Light and Water	267,212
Legal Fees	210,000
Membership Fees and Dues	120,000
Insurance Expenses	107,191
Bank Charges	28,221
Repairs and Maintenance	15,739
Miscellaneous Expenses	390,534
Total	18,362,606