COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	6	1	2	9	6	4

COMPANY NAME

EASTWEST HEALTHCARE, INC. (formerly EASTWEST BUSINESS SOLUTIONS, INC.)

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

6TH FLOOR MAKATI EXECUTIVE CENTER, 114 LEVISTE ST. SALCEDO VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	HMO

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ginalyn_finance@eastwesthealthcare.com.ph	881-7333	09173212534

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
9	First Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ginalyn V. Luro	gv.luro@eastwesthc.com	881-7333	09173212534

CONTACT PERSON's ADDRESS

6th Floor Makati Executive Center, 114 Leviste St. Salcedo Village, Makati City

NOTE *1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
MAKATI CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Independent Member of
BKR International

**INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders
EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
6th Floor Makati Executive Center,
114 Leviste St. Salcedo Village, Makati City

We have examined the financial statements of **EASTWEST HEALTHCARE, INC. *(Formerly Eastwest Business Solutions, Inc.)*** as of December 31, 2023, and for the year then ended on which we have rendered the attached report dated June 13, 2024.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

RYAN A. SABUG
Partner
CPA License No. 0111183
BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period
TIN 232-158-286-000
PTR No. 10075665, issued on January 2, 2024, Makati City

JUN 19 2024
BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
Revenue District Office No. 50
South Makati
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June 13, 2024
Makati City, Philippines

Alas Oplas & Co., CPAs

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7/F Philippine AXA Life Centre
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BKR International

**INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
6th Floor Makati Executive Center,
114 Leviste St. Salcedo Village, Makati City

We have examined the financial statements of **EASTWEST HEALTHCARE, INC.** ***(Formerly Eastwest Business Solutions, Inc.)*** as of December 31, 2023, and for the year then ended on which we have rendered the attached report dated June 13, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has a total number of seven (7) stockholders owning one hundred (100) or more shares each.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
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June 13, 2024
Makati City, Philippines

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BKR International

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
6th Floor Makati Executive Center,
114 Leviste St. Salcedo Village, Makati City

Opinion

We have audited the financial statements of **EASTWEST HEALTHCARE, INC.** ***(Formerly Eastwest Business Solutions, Inc.)*** (the "Company"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our 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 a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 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 required under Revenue Regulations No. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year are 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 of **EASTWEST HEALTHCARE, INC.** ***(Formerly Eastwest Business Solutions, Inc.)*** 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.

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JUN 19 2024
BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
SOUTH MAKATI
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June 13, 2024
Makati City, Philippines

EastWest Healthcare

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **EASTWEST HEALTHCARE, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2023 and 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **EASTWEST HEALTHCARE, INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and

(c) **EASTWEST HEALTHCARE, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

ORBIVITANO R. DIAZ
President

RUSTIE C. PORCIUNCULA
Chairman

ATTY. IRISH TOM T. TOLENTINO
Chief Finance Officer

Signed this 13th day of June, 2024.

JUN 19 2024
BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
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Makati Head Office: 6/F Makati Executive Center, V.A. Rufino St. corner L.P. Leviste St., Salcedo Village, Makati City
Tel.No. (02)8817-3333
salesinquiry@eastwesthealthcare.com.ph
@EastWestHealthcareInc.Official
www.eastwesthealthcare.com.ph

EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	10	**344,229,766**	471,844,020
Trade and other receivables – net	11	**171,042,222**	162,579,372
Prepaid income tax		**12,730,170**	2,856,204
Prepayments and other current assets	12	**6,793,715**	8,589,992
Total Current Assets		**534,795,873**	645,869,588
Non-current Assets			
Deposit for asset purchase	9	**16,500,000**	16,500,000
Property and equipment – net	13	**22,161,728**	25,227,170
Right-of-use assets – net	25	**5,283,596**	7,908,988
Deferred tax assets – net	24	**47,951,318**	38,380,389
Other non-current assets	14	**25,021,910**	24,251,920
Total Non-current Assets		**116,918,552**	112,268,467
TOTAL ASSETS		**651,714,425**	758,138,055
LIABILITIES AND EQUITY			
Current Liabilities			
Claims payable and other current liabilities	15	**171,749,514**	353,812,173
Unearned fees reserves	16	**272,500,233**	179,193,796
Lease liabilities – current portion	25	**2,735,384**	2,630,829
Total Current Liabilities		**446,985,131**	535,636,798
Non-current Liabilities			
Advances from related parties	9	**3,042,985**	3,042,985
Retirement benefit obligation	17	**19,271,735**	16,897,687
Lease liabilities – non-current portion	25	**3,378,162**	6,113,546
Total Non-current Liabilities		**25,692,882**	26,054,218
Total Liabilities		**472,678,013**	561,691,016
Equity			
Share capital	18	**50,000,000**	50,000,000
Additional paid-in capital	18	**25,001,000**	25,001,000
Retained earnings			
Unappropriated		**60,878,473**	78,817,578
Appropriated	18	**25,000,000**	25,000,000
Other comprehensive income, net of deferred income tax	17	**18,156,939**	17,628,461
Total Equity		**179,036,412**	196,447,039
TOTAL LIABILITIES AND EQUITY		**651,714,425**	758,138,055

See Notes to Financial Statements.

RECEIVED JUN 2024

EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	**2023**	2022
Revenues	19	**795,308,636**	910,434,027
Healthcare benefits and claims	20	**(730,061,947)**	(720,651,366)
Gross profit		**65,246,689**	189,782,661
Administrative expenses	21	**(169,582,756)**	(169,124,184)
Other income – net	23	**77,295,528**	6,358,022
Profit (loss) before income tax		**(27,040,539)**	27,016,499
Income tax benefit (expense)	24	**9,101,434**	(6,457,276)
Net profit (loss)		**(17,939,105)**	20,559,223
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on retirement benefit obligation, net of tax	17	**528,478**	1,656,097
TOTAL COMPREHENSIVE INCOME (LOSS)		**(17,410,627)**	22,215,320

See Notes to Financial Statements.

EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

			Retained Earnings			
	Share Capital (Note 18)	**Additional Paid-In Capital** (Note18)	**Unappropriated**	**Appropriated** (Note 18)	**Other Comprehensive Income**	**Total**
Balances at December 31, 2021	50,000,000	25,001,000	58,258,355	25,000,000	15,972,364	174,231,719
Net profit for the year	–	–	20,559,223	–	–	20,559,223
Other comprehensive income	–	–	–	–	1,656,097	1,656,097
Balances at December 31, 2022	50,000,000	25,001,000	78,817,578	25,000,000	17,628,461	196,447,039
Net loss for the year	–	–	(17,939,105)	–	–	(17,939,105)
Other comprehensive income	–	–	–	–	528,478	528,478
Balances at December 31, 2023	**50,000,000**	**25,001,000**	**60,878,473**	**25,000,000**	**18,156,939**	**179,036,412**

See Notes to Financial Statements.

EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before income tax	24	**(27,040,539)**	27,016,499
Adjustments for:			
Gain from liabilities written-off	23	**(62,423,419)**	(682,892)
Provision for expected credit losses (ECL)	11,21	**17,450,022**	16,056,495
Interest income	23	**(16,608,934)**	(8,415,551)
Depreciation	21	**11,058,571**	10,582,880
Retirement benefit expense	17,22	**3,078,685**	2,859,642
Interest expense	23	**1,240,742**	568,591
Loss on asset disposal and write-off	23	**899,787**	2,290,315
Unrealized foreign exchange gain	10,23	**(227,957)**	(8,384)
Operating cash flows before working capital changes		**(72,573,042)**	50,267,595
Increase in operating assets:			
Trade and other receivables		**(24,278,666)**	(126,939,557)
Prepayments and other current assets		**(10,611,681)**	(966,077)
Increase (decrease) in operating liabilities			
Trade and other payables		**(26,332,804)**	102,325,182
Advances from related parties	9	**–**	1,005,735
Net cash generated from (used in) operations		**(133,796,193)**	25,692,878
Interest received	23	**16,608,934**	8,415,551
Interest expense paid		**(789,223)**	–
Income tax paid	24	**(645,654)**	(18,782,546)
Payment for security deposits		**(109,990)**	(1,101,449)
Net cash generated from (used in) operating activities		**(118,732,126)**	14,224,434
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	13	**(5,367,737)**	(7,408,555)
Payment for additional IC deposit accounts	14	**(660,000)**	–
Advances to related parties	9	**–**	(16,500,000)
Net cash used in investing activities		**(6,027,737)**	(23,908,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liability	25	**(2,630,829)**	(2,513,533)
Payment of interest expense	25	**(451,519)**	(568,591)
Net cash used in financing activities		**(3,082,348)**	(3,082,124)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	10	**227,957**	8,384
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(127,614,254)**	(12,757,861)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**471,844,020**	484,601,881
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**344,229,766**	471,844,020

See Notes to Financial Statements.

JAN 19 2024

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
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1. CORPORATE INFORMATION

1.01 Company Profile

Eastwest Healthcare, Inc. ("the Company") was incorporated in the Philippines with the Securities and Exchange Commission (SEC) on August 22, 2006 as Eastwest Business Solutions, Inc. On October 1, 2008, the Company changed its corporate name to Eastwest Healthcare, Inc. which was approved by the SEC on December 12, 2008.

The Company was organized to primarily engage to maintain conduct and operate a prepaid group practice health care delivery system or a health maintenance organization to take care of the sick, diseased, and disabled persons who are enrolled in the health care plan and to provide for the administrative and financial responsibilities of the organization. It also manages outsourced business in the areas of company employee benefit administration.

On November 12, 2015, Executive Order No. 192 was approved and signed by the President of the Philippines, transferring the regulation and supervision over health maintenance organizations from the Department of Health to the Insurance Commission (IC). On December 22, 2020, IC issued Certificate of Registration No. HMO-2020-18-R, hereby licensing the Company to operate and act as a Health Maintenance Organization. The certificate is valid until December 31, 2022. The Company renewed its license which is valid from January 1, 2023 to December 31, 2025 with Certificate of Registration No. HMO-2023-14-R.

The Company's principal office is located at the 6th Floor, Makati Executive Center, 114 Leviste St., Salcedo Village, Makati City.

1.02 Approval of Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors (BOD) on June 13, 2024.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRS includes all applicable PFRS, Philippine Accounting Standards (PASs), and Interpretations issued by the Philippine Financial Reporting Interpretations Committee (PFRIC) as approved by the Financial Reporting Standards Committee (FRSC) and adopted by the SEC.

2.02 Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, except where PFRSs requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

2.03 Presentation and Functional Currency

The accompanying financial statements are stated in Philippine Peso and amounts are rounded to the nearest peso, unless otherwise stated. The Company's functional and presentation currency is the Philippine Peso as it reflects the primary economic environment in which the Company operates.

2.04 Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

2.05 Use of Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Changes in 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.

2.06 Going Concern Assumption

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

2.07 Fair Value Measurement

The Company measures some of its financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

3.01 New and Amended Standards and Interpretations Effective on January 1, 2023

The Company applied for the first-time the following standards and amendments, which are effective for annual periods beginning on or after January 1, 2023, unless otherwise stated.

3.01.01 Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

3.01.02 Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to PAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments had no impact on the Company's financial statements.

3.01.03 Amendments to PAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules
The amendments to PAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

3.01.04 Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The amendments had no impact on the Company's financial statements.

3.02 New and Amended Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.02.01 PFRS 17 Insurance Contracts

PFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. PFRS 17 replaces PFRS 4 Insurance Contracts. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the mandatory effective date of PFRS 17 in the Philippines was deferred by the Financial and Sustainability Reporting Standards Council (FSRSC) from January 1, 2023 to January 1, 2025. This is aligned with the Circular Letter No. 2020-62 issued by IC on May 18, 2020, which deferred the implementation of PFRS 17 by two (2) years after the effective date set by the International Accounting Standards Board (IASB). However, companies may opt to adopt PFRS 17 in the preparation of their audited financial statements starting January 1, 2023. The Company opted not to early adopt PFRS 17.

The Company is consistently evaluating the potential impacts of all changes, including the available accounting policy options under PFRS 17, on the measurement of insurance contract liabilities, as well as their effects on the presentation and disclosure of financial results in the financial statements.

3.02.02 Amendments to PAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to PAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statements of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to PAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

3.02.03 Amendments to PAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

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

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

3.02.04 Amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

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

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statements of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

3.02.05 Amendment to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

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

3.03 Deferred Effectivity

3.03.01 Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

4. MATERIAL ACCOUNTING POLICIES

Material accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Instruments

4.01.01 Financial Assets

a. *Initial recognition and measurement*

   Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15 and PFRS 4.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

b. *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company does not have any financial assets at fair value through OCI with recycling of cumulative gains and losses, financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition and financial assets at fair value through profit or loss.

c. *Financial assets at amortized cost (debt instruments)*

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; 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's basic financial assets as presented in the statements of financial position comprise of cash and cash equivalents, trade and other receivables (excluding advances to others) and security deposits.

- *Cash and cash equivalents*

  Cash refers to cash on hand and in banks which are subject to insignificant risk of change in value, thus, cash is recognized at face amount. Cash in banks include demand deposits which are unrestricted as to withdrawal.

  The Company recognizes cash as current assets when the cash is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

  Cash equivalents pertain to short-term investments which include time deposit with maturity period of one to three months from the date of acquisition. It is highly liquid, readily convertible to known amounts of cash and which is subject to insignificant risk of changes in value.

- *Trade and other receivables (excluding advances to others)*

  Trade receivables are amounts due from customers for services performed in the ordinary course of business.

  Advances to officers and employees are amounts owed by employees and officers through advances collectible through salary deduction.

  Other receivables consist of payment of the real property tax of the office, which the Company decided to pay on behalf of all the tenants residing on the same floor and the remaining are receivables from government agencies.

- *Security deposits*

  Security deposits includes amounts paid to lessors as compliance with rent agreements and other service providers which are refundable in cash, subject to certain conditions, upon termination agreements/contract. These are classified as current assets if collection is expected within 1 year after the reporting period, otherwise, classified as non-current assets.

  Deposits are measured at the amount of cash paid, less provision for impairment.

- *IC deposit accounts*

  IC deposit accounts pertain to debt instruments held by the Company in compliance with the requirement of IC. These are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

  IC deposit accounts are presented as noncurrent assets in the statements of financial position due to its nature being a requirement to be held by the Company during its operations under HMO industry, hence not expected to be utilized within 1 year after the reporting period.

  Gains and losses are recognized in profit or loss when the IC deposit accounts are derecognized or impaired, as well as through amortization process.

d. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a 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.

e. *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. ECL 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.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

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

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.01.02 Financial Liabilities

a. *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable, lease liabilities and advances from related parties.

- *Accounts payable*
  Accounts payable are financial liabilities arising from the Company's operations. Accounts payable are classified as current liabilities, thus recognized and measured at the undiscounted amount owed.

- *Lease liabilities*
  Lease liabilities are initially recognized at fair value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

- *Advances from related parties*
  Advances from related parties are noninterest-bearing advances to and reimbursement of expenses for stockholders and entities under common ownership which are expected to be settled in cash when the Company is able to pay.

b. *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

- *Financial liabilities at amortized cost (loans)*

  After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income (loss).

  This category generally applies to interest-bearing loans.

c. *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income (loss).

4.01.03 Offsetting of Financial Instruments

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

4.02 Prepaid income tax

Prepaid income tax pertains to excess income tax payments that can be claimed as credit against the Company's future income tax liabilities.

4.03 Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are recognized and measured at the amount of cash paid. Subsequently, these are charged to expense as they are consumed in the operations or expire with the passage of time.

Prepayments are classified as current asset when the cost of goods or services related to the prepayment is expected to be incurred within one (1) year after the reporting period, otherwise, classified as non-current.

4.04 Property and Equipment

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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 Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Transportation equipment	–	3 - 5 years
Office furniture and equipment	–	3 - 5 years
Information Technology (IT) equipment	–	3 - 5 years

Leasehold improvements are depreciated over the improvements' useful life of 5 years or when shorter, the term of the relevant lease.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting period.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. 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 and is recognized in statements of comprehensive income (loss).

Fully depreciated assets are retained as property and equipment until these are no longer in use.

4.05 Impairment of Non-financial Assets

Property and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that testing is required for an asset, and where the carrying values exceed the estimated recoverable amount. If any such indication exists, the assets or cash generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less cost to sell or value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in profit or loss.

An assessment is made at each end of the reporting period as to whether 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 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 statements of comprehensive income (loss) unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.06 Claims Reserves

Claims reserves pertain to claims incurred but not yet paid as of the end of the reporting period. It includes claims due and unpaid (D & U), claims in course of settlement (ICOS), claims incurred but not reported (IBNR) and those which are incurred but not reported at a designated level of confidence, as well as direct and indirect expenses related to settling all outstanding claims, whether reported and unreported, as of the end of reporting period.

4.06.01 D & U Claims

D & U claims pertain to liabilities for claims that have been reported, adjudicated and processed, but for which final payment has not been recorded as of end of reporting period.

4.06.02 ICOS

ICOS refers to the liabilities for claim already known and identified but not yet adjudicated, settled, and paid by the Company as of end of reporting period.

4.06.03 IBNR

IBNR pertain to the amount provided for claims in respect of claim events that have not been reported to the Company as of end of reporting period.

4.06.04 Claims handling expense reserve

Claims handling expense reserve pertain to the estimated amount of expenses for settling all claims whether reported or unreported, outstanding as of the end of the reporting period.

4.07 Managed Care, Administrative Services Only (ASO) Fund Liabilities and Reserves

ASO fund liabilities and reserves pertain to all liabilities for fund-based benefits where the risks are borne by the client. These are funds covered by the memorandum of agreements (MOAs) where the Company commits to process claims, pay hospitalization charges of enrolled accounts under the agreements. Utilization of the fund is then billed back to the client with corresponding administrative fees. Provision on ASO fund liabilities and reserves are recognized based on actuarial valuation to cover unfinished contract period of the client's policy.

Managed care liability is covered by a MOA between the Company and its clients. The Company bills its clients according to the benefits schedule in the MOA. It includes provisions for utilization and administration, along with any additional riders. If the client exceeds the utilization stated in the benefits schedule, adjustments are made.

4.08 Unearned Fees Reserves

Unearned fees reserves pertain to the portion of written premium deferred and presented as current liability in the statements of financial position. The change in the provision of unearned fees reserves is taken in the profit or loss in the order that the revenue is recognized over the period of policy. Unearned fees include unearned membership fee reserves (UMFR) and unearned administrative fee reserves (UAFR).

4.08.01 UMFR

UMFR pertain to all future claim payments and related expenses for the policy maintenance and claim settlement, arising from future events for which the Company is liable under its HMO Agreements.

4.08.02 UAFR

UAFR pertain to the amount of reserve for that portion of the administrative fee, net of taxes and commissions paid due to the Company which is applicable to the end of coverage extending beyond the end of reporting period.

4.09 Equity

4.09.01 Share Capital

Share capital is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

4.09.02 Retained Earnings

Retained earnings consist of appropriated and unappropriated retained earnings. Appropriated retained earnings are restricted for specific purposes that are approved by the BOD. Unappropriated retained earnings are not restricted and includes the cumulative balance of periodic net income or losses, dividend distributions, effects of changes in accounting policy and other capital adjustments.

4.09.03 Other Comprehensive Income

OCI comprises of items of income that are not recognized in profit or loss as required or permitted by other PFRS. The Company's other comprehensive income pertains to actuarial loss which is recognized net of tax in the period in which it occurs.

4.10 Provisions, Contingent Liabilities and Contingent Assets

4.10.01 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required .to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

4.10.02 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 Company.

Contingent liabilities 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.

4.11 Revenue Recognition

Revenue is recognized only when or as the Company satisfied a performance obligation by transferring control of the promised services to the clients in accordance with PFRS 15 and PFRS 4.

The Company's significant revenues pertain to membership fees on plans sold. The Company accounts for membership gees on plans sold in accordance with PFRS 4.

4.11.01 Membership Fees
Membership fees are recognized over the term of the contract. The uncollected fees apart form part of the receivables while collected fees not yet recognized as revenue are credited to "Unearned fees reserves" account and presented in the liability section of the statements of financial position.

4.11.02 Third Party Administration Fund Fees and Administrative Fees
Revenue is recognized over the period in which the related services are performed. Members and/or dependents are charges for healthcare administration services, cost of health services and other contract fees. These fees shall be exclusively used to pay health benefits of members and/or dependent and the Company's administrative and other services' fees. "Unearned fees reserves" account is maintained pertaining to fund of members and/or dependent which are administered by the Company.

4.11.03 Interest Income
Interest income is recognized as interest accrues. Interest income from bank deposits is presented net of applicable tax withheld by the banks.

4.11.04 Other Income
Other income is recognized to the extent that the economic benefits will flow to the Company and the amount of the revenue can be measured reliably.

4.12 Cost and Expense Recognition

Cost and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss in following manner:

- on the basis of a direct association between costs incurred and the earning of specific items of income;
- on the basis of a systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and 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 (loss) are presented using the function of expense method.

4.13 Employee Benefits

4.13.01 Short-term Benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the reporting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

4.13.02 Post-employment Benefits
The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statements of comprehensive income (loss). Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statements of comprehensive income (loss).

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19 are not closed to any other equity account.

4.14 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.14.01 Company as a Lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a. *Right-of-use assets*
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 2 – 6 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment following the accounting policy on Impairment of Non-financial Assets.

b. *Lease liabilities*
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. *Short-term Leases*
The Company applies the short-term lease recognition exemption to its short-term leases of condominium units (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

4.15 Foreign Currency Transactions and Translation

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, i.e., foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in the statements of comprehensive income (loss) in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4.16 Related Parties and Related Party Transactions

4.16.01 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. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

4.16.02 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. Transactions between related parties are accounted for at an arm's length prices on terms similarly offered to non-related entities in an economically comparable market.

4.17 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.

4.17.01 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 comprehensive income (loss) 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.

4.17.02 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 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 difference. 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 related 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.

4.18 Value-added Tax (VAT)

Input tax represents the VAT paid on purchase of goods and services that the Company can apply against any future liability for output VAT on sale of goods and services subjected to VAT.

The input VAT can also be recovered as a tax credit under certain circumstances and can be applied against future income tax liability of the Company upon approval of the Bureau of Internal Revenue (BIR) and or/ Bureau of Customs. Input VAT is stated at its estimated net realizable values. Input VAT is classified as current assets.

Output VAT pertains to the 12% tax due on the local sale of goods and services by the Company.

4.18.01 Deferred Output VAT
Deferred output VAT is recognized for output tax related to the accrual of revenue which will be transferred to output VAT upon collection and can be netted to input VAT.

4.19 Events after the End of the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements, while subsequent events that do not require adjustments (non-adjusting events) are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

5.01.01 Determining the Lease Term of Contracts with Renewal and Terminal Options – The Company as a Lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

5.01.02 Determining the Timing of Satisfaction of Performance Obligations
The Company determines that its revenues from rendering of services when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, which occurs when the customer obtains control of that good or service. In making its judgement, the Company considers the timing of receipt, the period covered of the policy and consumption of benefits provided by the Company to the clients.

5.02 Key Sources of Estimation Uncertainty

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

5.02.01 Estimating ECL on Receivables
ECL is provided for potentially uncollectible receivables. An evaluation of receivables, designed to identify potential charges to the allowance, is performed on a continuous basis throughout the year. The Company maintains allowance for credit losses accounts at a level based on the result of the individual and collective assessment. Under the individual assessment, the Company considers the payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, length of the Company's relationship with the customers, average age of accounts and collection experience) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile.

Historical loss experience is adjusted on the basis of current observable date to reflect the effects of current conditions that did not affect the period 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 judgments and estimates. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made.

As of December 31, 2023 and 2022, the Company has allowance for ECL amounted to ₱33,506,517 and ₱16,056,495, respectively, as disclosed in Note 11.

As of December 31, 2023 and 2022, trade and other receivables amounted to ₱171,042,222 and ₱162,579,372, respectively, as presented in Note 11.

5.02.02 Estimation of Retirement Benefit Expense
The determination of the retirement obligation and expense and other retirement benefits is dependent on the selection of certain assumptions. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The balance of retirement benefit obligation as of December 31, 2023 and 2022 amounted to ₱19,271,735 and ₱16,897,687, respectively, as disclosed in Note 17.

5.02.03 Recognition of Deferred Tax Assets
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.

The Company's assessment on the recognition of deferred tax is based on the Company's past results and future expectations on revenues and expenses.

In Philippine Peso

As of December 31, 2023 and 2022, the Company has recognized deferred tax assets amounting to ₱47,951,318 and ₱38,380,389, respectively, as presented in Note 24.

5.02.04 Valuation of Claims Reserves
Claims reserves are actuarially determined for future payments of claims. Procedures, data and studies are under the review process of the engaged actuary to enable the Company to meet the requirements under the new regulation of the Commission.

Claims reserves are sensitive to key assumptions pertaining to sensitivity of certain variables like uncertainty in the estimation process which is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and subsequent notification and eventual settlement, the outstanding claims are not known with certainty at the end of the reporting period. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are to be recognized in subsequent financial statements.

The Company's claims reserves are estimated by an independent actuary who is accredited by the IC. The Company's claims reserves amounted to ₱17,104,649 and ₱108,272,128 as of December 31, 2023 and 2022, respectively, as disclosed in Note 15.

6. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

6.01 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: credit risk, price risk, liquidity risk, interest rate risk and foreign exchange risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's management oversees the management of these risks. The management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The BOD reviews and agrees policies for managing each of these risks.

6.02 General Risk Management Principles

The Company's financial instruments comprise cash and cash equivalents, trade and other receivables (excluding advances to others), security deposits, accounts payable, advances from related parties and lease liabilities. The management reviews and agrees policies for managing each of the risks and they are summarized below.

The following table summarizes the carrying amount of financial assets and liabilities recorded by category:

	Notes	**2023**	2022
Financial assets at amortized cost:			
Cash and cash equivalents	10	**344,229,766**	471,844,020
Trade and other receivables – net*	11	**170,511,730**	161,842,763
Security deposits	12,14	**2,543,623**	1,695,918
IC deposit accounts	14	**15,660,000**	15,000,000
		532,945,119	650,382,701
Financial liabilities at amortized cost:			
Accounts payable	15	**26,781,915**	66,147,033
Advances from related parties	9	**3,042,985**	3,042,985
Lease liabilities	8,25	**6,113,546**	8,744,375
		35,938,446	77,934,393

**excluding advances to others amounting ₱530,492 and ₱736,609 as of December 31, 2023 and 2022, respectively.*

In Philippine Peso

6.03 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that issuance of policies are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. Allowance for ECL was recognized for years ended December 31, 2023 and 2022, as presented in Note 11.

Credit risk also arises from cash deposited with banks. The Company manages credit risk by depositing its cash with high credit quality banking institutions.

The maximum amount of the financial assets represents the maximum credit exposures. The maximum exposure to credit risk as of December 31 is as follows:

	Notes	2023	2022
Cash and cash equivalents in banks	10	**344,174,766**	471,799,020
Trade receivables	11	**198,704,261**	173,665,667
Security deposits	14	**2,543,623**	1,695,918
IC deposit accounts	14	**15,660,000**	15,000,000
		561,082,650	662,160,605

6.03.01 Risk Concentration of the Maximum Exposure to Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

Given the Company's diverse base counterparties, it is not exposed to large concentration of credit risks.

6.03.02 Credit Quality of Financial Assets

The table below shows the credit quality by age of trade receivables as of December 31, 2023 and 2022.

	Trade Receivables					
	Age of Receivables					
	<30 days	**31-60 days**	**61-90 days**	**91 - 120 days**	**>120 days**	**Total**
2023						
ECL Rate	**0.26%**	**0.74%**	**2.66%**	**5.65%**	**100.00%**	
Estimated total gross amount at default	**98,339,487**	**53,285,368**	**11,427,505**	**3,279,411**	**32,372,490**	**198,704,261**
ECL	**250,456**	**394,312**	**303,972**	**185,287**	**32,372,490**	**33,506,517**

	Trade Receivables					
	Age of Receivables					
	<30 days	31-60 days	61-90 days	91 - 120 days	>120 days	Total
2022						
ECL Rate	0.24%	0.89%	1.78%	5.99%	100.00%	
Estimated total gross amount at default	74,209,931	72,026,544	12,167,382	225,716	15,036,094	173,665,667
ECL	149,264	641,036	216,579	13,520	15,036,094	16,056,493

6.03.03 Impairment Assessment

The Company recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The methodology applied by the Company in assessing and measuring impairment is the specific/individual assessment. Under specific/individual assessment, the Company assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

Impairment requirements are applied for the recognition and measurement of a loss allowance for financial assets that are measured at FVOCI within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates on cash flows that are solely payments of principal and interest on the principal amount outstanding. However, the loss allowance is recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

At each the reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on the financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, The Company measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

6.04 Foreign Exchange Risk

Foreign exchange risk (or currency risk) arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk arising from:

- foreign currency denominated bank accounts;
- liabilities for importations of inventories;
- receivables arising from foreign currency denominated sales.

Management controls the timing of settlements of its receivables and payables to related parties to ensure that the Company is not significantly exposed to fluctuations of foreign exchange rates.

The Company's foreign transaction includes foreign denominated currency in United States Dollar (USD).

The Company's exposures to foreign currency risk as of December 31 are as follows:

	2023		2022	
Currency	**In USD**	**In Philippine Peso**	In USD	In Philippine Peso
Cash	**494,893**	**27,499,694**	5,174	290,362

In Philippine Peso

The table below illustrates the sensitivity of the loss before tax and equity with regard to the Company's foreign currency-denominated financial assets and financial liabilities and exchange rates for relevant foreign currencies to Philippine Peso. The analysis assumes a 5% change on the Philippine Peso or relevant foreign currency exchange rates and is based on the Company's foreign currency-denominated financial instruments held at each date of financial position, with effect estimated from the beginning of the year.

If the Philippine Peso had strengthened/weakened against those relevant foreign currencies, then loss before tax and equity would have been lower/ higher by the following amount:

	2023	2022
Profit before income tax	**+/-1,374,985**	+/-14,518
Equity*	**+/-1,031,239**	+/-10,889

**equity is based on 75% of the total exposure*

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Moreover, the analysis above is considered to be unrepresentative of the Company's currency risk.

The Company recognized net unrealized foreign exchange gain of ₱227,957 and ₱8,384 in 2023 and 2022, respectively, as disclosed in Note 23.

6.05 Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information.

The table below summarizes maturity profile of the Company's financial assets and liabilities as of December 31, 2023 and 2022 based on undiscounted contractual cash flows.

2023	**On Demand**	**Due within 1 year**	**Due beyond 1 year but not more than 5 years**	**Total**
Financial assets:				
Cash and cash equivalents in banks	**133,174,766**	**211,000,000**	–	**344,174,766**
Trade and other receivables*	**170,511,730**	–	–	**170,511,730**
Security deposits	–	**893,715**	**1,649,908**	**2,543,623**
IC deposit accounts	–	–	**15,660,000**	**15,660,000**
	303,686,496	**211,893,715**	**17,309,908**	**532,890,119**
Financial liabilities:				
Accounts payable	–	**26,781,915**	–	**26,781,915**
Advances from related parties	–	–	**3,042,985**	**3,042,985**
Lease liabilities	–	**2,735,384**	**3,378,162**	**6,113,546**
	–	**29,517,299**	**6,421,147**	**35,938,446**

**excluding advances to others amounting ₱530,492.*

In Philippine Peso

2022	On Demand	Due within 1 year	Due beyond 1 year but not more than 5 years	Total
Financial assets:				
Cash and cash equivalents in banks	106,799,020	365,000,000	–	471,799,020
Trade and other receivables*	161,842,763	–	–	161,842,763
Security deposits	–	156,000	1,539,918	1,695,918
IC deposit accounts	–	–	15,000,000	15,000,000
	268,641,783	365,156,000	16,539,918	650,997,701
Financial liabilities:				
Accounts payable	–	66,147,033	–	66,147,033
Advances from related parties	–	–	3,042,985	3,042,985
Lease liabilities	–	2,630,829	6,113,546	8,744,375
	–	68,777,862	9,156,531	77,934,393

**excluding advances to others amounting ₱736,609.*

6.06 Interest Rate Risk

The Company is exposed to interest risk as it borrows funds at both fixed and floating interest rates. For floating rate liabilities, the sensitivity analysis is prepared assuming the amount of liability outstanding as of December 31, 2023 and 2022 was outstanding for the whole period/year.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	2023	2022
Profit before tax	**+/-30,568**	+/-43,722
Equity*	**+/-22,926**	+/-32,791

**Equity is based on 75% of the total exposure.*

7. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity and to provide an adequate return to its shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, (i.e., equity and liabilities). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

In Philippine Peso

7.01 Minimum Capitalization

IC Circular Letter (CL) No. 2016-41 mandates minimum capitalization and financial capacity requirements for HMOs. All existing domestic HMOs must have a minimum paid-up capital of at least ₱10,000,000 and must have a net worth which should be not less than its paid-up capital.

As of December 31, 2023 and 2022, the Company's paid-up capital is above the statutory minimum paid-up capital and has a net worth above its paid-up capital.

7.02 Risk-based Capital Requirement

The HMO's maximum risk on membership fees shall be determined by the following:

Paid-Up Capital (PUC)	Maximum Gross Membership Fees
Up to 50,000,000	5 times of PUC
More than 50,000,000 up to 75,000,000	10 times of PUC
More than 75,000,000 up to 200,000,000	15 times of PUC
More than 200,000,000 up to 300,000,000	25 times of PUC
More than 300,000,000 up to 400,000,000	30 times of PUC
More than 400,000,000 up to 500,000,000	50 times of PUC
More than 500,000,000	No Limit

Gross membership fees pertain to the total annual fees arising from healthcare agreements of pre-agreed set of health services.

As of December 31, 2023 and 2022, the Company's paid-up capital both amounted to ₱75,001,000; hence, the maximum gross membership fees as required by the IC should be 15 times of PUC.

7.03 Security Deposit Requirements

IC CL No. 2019-74, amending IC CL No. 2016-41, requires HMOs to deposit with the IC or, at the discretion of the Commissioner, trustee bank acceptable to the Commissioner through which a custodial account is utilized, bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned-or-controlled corporations and entities, including the Bangko Sentral ng Pilipinas. The security deposits shall at all times be not less than 25% of the HMO's actual paid up capital.

As of December 31, 2023 and 2022, the Company is compliant with the minimum requirement of 25% of HMO's paid-up capital set by the IC.

7.04 Liquidity Requirements

IC CL No. 2023-24, amending IC CL No. 2016-41, requires all HMOs shall at all times maintain an acid test ratio of at least 0.75. Acid test ratio shall be defined as current assets over current liabilities.

Acid test ratio requirement was 0.75 for 2023 and 1.0 for 2022. As of December 31, 2023, and 2022, the Company's acid test ratios were 1.20 and 1.21, respectively.

8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

In Philippine Peso

A comparison by category and by class of carrying and fair values of all the Company's financial assets and financial liabilities, other than those with carrying amounts that are measurable approximations of fair values such as cash, security deposits, advances to officers and employees, and trade and other payables (excluding government statutory payables and withholding taxes payables) is as follows:

	Carrying Value	**Fair Value**			
2023		**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Financial Liability					
Lease liabilities	**6,113,546**	**–**	**6,113,546**	**–**	**6,113,546**

	Carrying Value	Fair Value			
2022		Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant)bservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Liability					
Lease liabilities	8,744,375	–	8,744,375	–	8,744,375

The Company has no financial liabilities measured at fair value as of December 31, 2023 and 2022. There are no transfers between fair value measurements in 2023 and 2022.

The following method and assumption is used to estimate the fair value of financial liability:

Lease Liabilities
The Company recognizes lease liabilities based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

9. RELATED PARTY TRANSACTIONS AND BALANCES

9.01 Related Party Relationships

The following is a summary of related party accounts and transactions as at and for the years ended December 31, 2023 and 2022.

Name of the entity	Relationship	Nature of Transaction
Evercore Business Solutions Inc.	Entity under common control	Advances from related party
One Pacific Prime Solutions, Inc.	Entity under common control	Advances from related party
Others	Stockholders	Deposit for asset purchase

Entity under common control refers to an entity that is neither a parent, a subsidiary, nor an associate, but has shareholders common to the Company or under control.

In Philippine Peso

9.02 Related Party Transactions and Balances

The Company entered into the following related party transactions and balances:

	2023		2022			
Category	**Amount /Volume**	**Outstanding Balance**	Amount /Volume	Outstanding Balance	**Terms**	**Conditions**
Entities under common control:						
Evercore Business Solutions Inc.						
a. Advances from	–	**1,005,735**	1,005,735	1,005,735	Pay-as-able; Non-interest bearing	To be settled in cash; Unsecured; Unguaranteed
One Pacific Prime Solutions, Inc.						
a. Advances from	–	**2,037,250**	–	2,037,250	Pay-as-able; Non-interest bearing	To be settled in cash; Unsecured; Unguaranteed
Stockholders:						
Others						
a. Deposit for asset purchase	–	**16,500,000**	16,500,000	16,500,000	–	To be applied as part of payments upon execution of sale; Unsecured; Unguaranteed; No impairment
Total advances from related parties	–	**3,042,985**	1,005,735	3,042,985		
Total advances to related parties	–	**16,500,000**	16,500,000	16,500,000		

In Philippine Peso

Deposit for asset purchase pertain to payment made for purchase of property for future office space, as disclosed in Note 18. The amount will be applied as part of the payments upon execution of sale.

Advances from related parties pertain to expenses covered by related parties on behalf of the Company.

9.03 Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Remuneration of key management personnel is presented below:

	2023	2022
Short-term benefits	**5,738,970**	6,463,200
Retirement benefit expense	**5,745,601**	1,537,535
	11,484,571	8,000,735

As duly approved by the BOD through a board resolution, members of the BOD has received per diem remuneration for every board meeting and stockholders meeting attended amounting ₱200,000 and ₱455,000 in 2023 and 2022, respectively, presented as part of professional and director fees in Note 21. The Company has no other arrangement in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly, for any service provided as director.

10. CASH AND CASH EQUIVALENTS

The Company's cash are as follows:

	2023	2022
Cash on hand	**55,000**	45,000
Cash in banks	**133,174,766**	106,799,020
Short-term investments	**211,000,000**	365,000,000
	344,229,766	471,844,020

Cash in banks earn interest at the respective bank deposit rates. The Company has earned interest income for its cash in banks amounting to ₱171,443 and ₱ 531,705. in 2023 and 2022, respectively, presented as part of interest income, as disclosed in Note 23.

The Company recognized unrealized foreign exchange gain of ₱227,957 and ₱8,384 in 2023 and 2022, respectively, as disclosed in Note 23. The Company's foreign currency denominated cash and their Philippine peso equivalents are restated at prevailing closing rates effective at the end of the reporting period.

Short-term investments pertain to placed term deposits on local banks which was subsequently renewed throughout the years, with 30-45 days as term, and interest rate ranging 3.50% to 6.25% per annum. Interest earned from time deposit amounted to ₱16,376,434 and ₱7,855,526 in 2023 and 2022, respectively, presented as part of interest income in Note 23.

In Philippine Peso

Analysis of the movement of the short-term investments is as follows:

	2023	2022
Balance, January 1	**365,000,000**	327,597,785
Additions	**1,000,000**	369,533,846
Redemption	**(155,000,000)**	(332,131,631)
Balance, December 31	**211,000,000**	365,000,000

11. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables are as follows:

	2023	2022
Accounts receivable	**198,704,261**	173,665,667
Allowance for ECL	**(33,506,517)**	(16,056,495)
	165,197,744	157,609,172
Advances to officers and employees	**2,629,925**	1,002,489
Interest receivable	**1,031,174**	1,304,630
Advances to others	**530,492**	736,609
Other receivables	**1,652,887**	1,926,472
	171,042,222	162,579,372

Accounts receivables are noninterest bearing from various customers, generally on 15-30 days term.

Advances to officers and employees are interest bearing and collectible through salary deduction. Interest earned from advances to officers and employees amounted to ₱61,057 and ₱28,320 in 2023 and 2022, respectively, presented as part of interest income in Note 23. In 2023, the Company assessed that the advances of resigned officers and employees amounting to ₱147,253 were no longer collectible. The amount was written off and presented as part of loss on asset disposal and write-off, as disclosed in Note 23.

Interest receivable pertains to interest accrued on short-term investments presented in Note 10.

Advances to others pertains to advance payment by the Company for medical claims paid to and to be utilized by the hospitals.

Other receivables consist of the payment of the real property tax on the sixth-floor office space and receivable from Social Security System (SSS). The real property tax which the Company decided to pay on behalf of all the tenants occupying the floor will be settled through cash collection expected to be made within the next 12 months.

Analysis of allowance for ECL is as follows:

	Note	**2023**	2022
Balance, January 1		**16,056,495**	–
Provision for ECL	21	**17,450,022**	16,056,495
Balance, December 31		**33,506,517**	16,056,495

In Philippine Peso

12. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	Note	2023	2022
Guarantee deposit assets		**5,900,000**	7,708,438
Security deposits	25	**893,715**	156,000
Bid bond		**–**	725,554
		6,793,715	8,589,992

Guarantee deposit assets are cash deposits made by the Company as a guarantee to various hospitals for all the utilization of their clients approved for coverage, such as their hospital bills or doctor's fees incurred. The agreement between the Company and various hospitals will be terminated until the end of the hospital's accreditation with the Company. In 2023, portion of the Company's guarantee deposit assets amounting to ₱1,808,438 was written off, presented as part of loss on asset disposal and write-off, as disclosed in Note 23.

Security deposits are refundable security deposits made by the Company as required by the lease agreements entered, as disclosed in Note 25. In 2022, the Company assessed that portion of its refundable security deposits was not collectible any longer. Security deposits amounting ₱655,158 was written off, presented as part of loss on asset disposal and write-off as disclosed in Note 23.

Bid bond pertains to the Company's requirement to provide a bond when they are on a bidding process with a client. In 2023, the Company assessed that the balance of bid bond amounting to ₱725,554 was no longer collectible. The amount was written off, presented as part of loss on asset disposal and write-off, as disclosed in Note 23.

13. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company's property and equipment as of December 31, 2023 and 2022 are as follows:

2023	**Office Furniture and Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**IT Equipment**	**Total**
Cost					
Balance, January 1	**25,562,675**	**11,316,532**	**7,329,027**	**7,420,212**	**51,628,446**
Additions	**2,239,774**	**73,116**	**–**	**3,054,847**	**5,367,737**
Disposals	**(5,089,643)**	**(2,892,718)**	**(43,201)**	**–**	**(8,025,562)**
Balance, December 31	**22,712,806**	**8,496,930**	**7,285,826**	**10,475,059**	**48,970,621**
Accumulated depreciation					
Balance, January 1	**14,996,491**	**6,215,206**	**2,307,691**	**2,881,888**	**26,401,276**
Depreciation	**3,637,072**	**1,692,074**	**1,440,304**	**1,663,729**	**8,433,179**
Disposals	**(5,089,643)**	**(2,892,718)**	**(43,201)**	**–**	**(8,025,562)**
Balance, December 31	**13,543,920**	**5,014,562**	**3,704,794**	**4,545,617**	**26,808,893**
Carrying amount	**9,168,886**	**3,482,368**	**3,581,032**	**5,929,442**	**22,161,728**

In Philippine Peso

2022	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	IT Equipment	Total
Cost					
Balance, January 1	19,847,038	14,922,997	6,112,659	6,943,662	47,826,356
Additions	5,715,637	–	1,216,368	476,550	7,408,555
Disposal	–	(3,606,465)	–	–	(3,606,465)
Balance, December 31	25,562,675	11,316,532	7,329,027	7,420,212	51,628,446
Accumulated depreciation					
Balance, January 1	9,210,988	7,042,133	1,858,292	2,426,130	20,537,543
Depreciation	5,785,503	1,144,381	449,399	455,758	7,835,041
Disposal	–	(1,971,308)	–	–	(1,971,308)
Balance, December 31	14,996,491	6,215,206	2,307,691	2,881,888	26,401,276
Carrying amount	10,566,184	5,101,326	5,021,336	4,538,324	25,227,170

All purchases of property and equipment were paid in cash.

As of December 31, 2023 and 2022, the Company has no property and equipment pledged as security for liability and has no outstanding contractual commitment to acquire certain property and equipment.

In 2023, the Company disposed its fully depreciated office furniture and equipment, transportation equipment and, leasehold improvements costing ₱5,089,643, ₱2,892,718, and ₱43,201, respectively. No gain or loss on asset disposal is recorded from these disposals.

In 2022, the Company disposed transportation equipment with cost and accumulated depreciation amounting to ₱3,606,465 and ₱1,971,308, respectively, which resulted to loss amounting ₱1,635,157, as presented as part of loss on asset disposal and write-off in Note 23.

Management has made significant estimates on the recoverability of the Company's equipment and concluded that as of years ended December 31, 2023 and 2022, no indication of impairment is present that would necessitate the recognition of impairment loss on the Company's assets.

Fully-depreciated property and equipment still in use amounted to ₱4,803,296 and ₱2,599,774 in 2023 and 2022, respectively.

14. OTHER NON-CURRENT ASSETS

The Company's other non-current assets are as follows:

	2023	2022
IC deposit accounts	**15,660,000**	15,000,000
Security deposits	**1,649,908**	1,539,918
Other non-current asset	**7,712,002**	7,712,002
	25,021,910	24,251,920

IC deposit accounts pertain to Company's security deposits under IC requirement. The IC have set a financial capital requirements to all existing domestic HMOs to have at least a minimum of ₱10,000,000 paid-up capital, whereas HMOs shall deposit with a value of not less than ₱5,000,000 or 25% of HMO's paid-up capital, whichever is higher. These security deposits made to comply with the IC requirements are debt instruments measured at amortised cost at reporting date.

In Philippine Peso

Security deposit pertains to lease and utilities deposits to be refunded upon end of contract. As of December 31, 2023 and 2022, security deposits relating to leases amounted to ₱994,218 and ₱915,953, respectively, as disclosed in Note 25.

Other non-current asset includes the payments for acquisition of 6th floor office space of the Company located in Makati Executive Centre. The acquisition was made in 2012. The Company has made payments for the purchase price and all other directly attributable costs. However, the transfer of the title of the property was not yet realized as of December 31, 2023. Management has made significant estimate on the recoverability of the other non-current asset as of years ended December 31, 2023 and 2022, no indication of impairment is present that would necessitate the recognition of impairment loss on the Company's asset.

15. CLAIMS PAYABLE AND OTHER CURRENT LIABILITIES

The Company's claims payable and other current liabilities are as follows:

	2023	2022
Managed care liability	**59,611,118**	139,762,067
Deferred output VAT	**31,997,572**	14,485,872
Accounts payable	**26,781,915**	66,147,033
Claims reserves	**17,104,649**	108,272,128
Output VAT	**15,607,867**	9,324,213
ASO reserves	**9,290,511**	2,994,744
ASO fund liabilities	**8,473,500**	8,473,500
Withholding taxes payables	**2,372,216**	3,189,779
Government contribution payables	**193,916**	687,837
Other payables	**316,250**	475,000
	171,749,514	353,812,173

Managed care liability is mainly a fund covered by a MOA between the Company and its client. The Company bills its clients based on related MOA's schedule of benefits. It includes, among other things, utilization and administration provisions including riders noted. It is adjusted for any excess utilization (incurring more than what is stated in the schedule of benefits) by the client. In 2023, the Company has written off portion of managed care liability which resulted to gain amounting to ₱59,611,118, presented as part of gain from liabilities written-off in Note 23.

Accounts payable pertains mostly to unpaid billings from hospitals for medical expenses, medicines and other professional fees. The Company has written off accounts payable which resulted to gain amounting to ₱2,812,301 and ₱682,892, in 2023 and 2022, respectively, presented as part of gain from liabilities written-off in Note 23.

Claims reserves consists of as follows:

	2023	2022
Due and Unpaid (D & U) Claims	**11,343,963**	14,570,661
Incurred But Not Reported (IBNR)	**3,423,978**	86,581,028
In Course of Settlement (ICOS)	**1,508,122**	1,964,623
Claims handling liabilities	**828,586**	5,155,816
	17,104,649	108,272,128

Other payables pertain to the accrued professional fees as of December 31, 2023.

In Philippine Peso

16. UNEARNED FEES RESERVES

The Company's unearned fees reserves consist of:

	2023	2022
Unearned membership fee reserves (UMFR)	**270,751,931**	177,803,864
Unearned administrative fee reserves (UAFR)	**1,748,302**	1,389,932
	272,500,233	179,193,796

Movement of unearned fees reserves recognised as part of revenues amounted to ₱93,306,437 and ₱12,325,074 in 2023 and 2022, respectively, as disclosed in Note 19.

17. RETIREMENT BENEFIT OBLIGATION

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The regulatory benefit is paid in a lump sum upon retirement.

Actuarial valuation was done for December 31, 2023 by an independent actuary who issued their report dated April 3, 2024. The latest actuarial valuation report as of December 31, 2023 is determined using the projected unit credit actuarial cost method. Currently, the Company has no plan asset established for the funding of the retirement benefits obligation.

The movement in the present value of defined benefit obligation for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balance, January 1	**16,897,687**	16,246,174
Current service cost	**1,858,672**	2,034,336
Interest expense	**1,220,013**	825,306
Actuarial gain	**(704,637)**	(2,208,129)
Balance, December 31	**19,271,735**	16,897,687

The retirement benefit expense recognized in profit or loss is as follows:

	Note	2023	2022
Current service cost		**1,858,672**	2,034,336
Interest expense		**1,220,013**	825,306
Retirement benefit expense	22	**3,078,685**	2,859,642

In Philippine Peso

Other comprehensive income in the statements of financial position pertains to the cumulative actuarial losses (gains) on non-contributory defined benefit plan net of corresponding deferred tax as follows:

	2023	2022
Balance, January 1	**(17,628,461)**	(15,972,364)
Actuarial loss (gain) – experience	**(3,838,739)**	4,618,299
Actuarial loss (gain) – changes in financial assumptions	**3,134,102**	(6,826,428)
Actuarial gain recognized for the year	**(704,637)**	(2,208,129)
Tax effect	**176,159**	552,032
Actuarial gain recognized for the period – net tax	**(528,478)**	(1,656,097)
Balance, December 31	**(18,156,939)**	(17,628,461)

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2023	2022
Discount rate	**6.12%**	7.22%
Salary rate	**5.00%**	5.00%

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

Withdrawal rates of employees for 2023 and 2022 are as follows:

	2023	2022
19-24 years old	**7.50%**	7.50%
25-29 years old	**6.00%**	6.00%
30-34 years old	**4.50%**	4.50%
35-39 years old	**3.00%**	3.00%
40-44 years old	**2.00%**	2.00%
≥ 45 years old	**0.00%**	0.00%

The information on the sensitivity analysis and the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation are described below:

2023		**Impact on Retirement Benefit Obligation**	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
Discount rate	**+/- 100bps**	**3,546,078**	**(2,877,507)**
Salary growth rate	**+/- 100bps**	**3,550,533**	**(2,930,238)**
Attrition rate	**–**	**2,551,215**	**–**

In Philippine Peso

2022		Impact on Retirement Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 100bps	2,816,830	(2,303,402)
Salary growth rate	+/- 100bps	2,852,722	(2,367,716)
Attrition rate	–	1,936,027	–

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Shown below is the maturity analysis of the Company's undiscounted benefit payments as of December 31, 2023 and 2022:

Financial Year	**2023**	2022
Year 1	**1,590,431**	1,531,251
Year 2	–	–
Year 3	–	–
Year 4	–	933,612
Year 5	–	–
Year 6-10	**4,578,792**	7,561,215

No retirement benefit obligation is expected to be settled in the next twelve months after the reporting period.

18. STOCKHOLDERS' EQUITY

18.01 Share Capital

The details of the Company's share capital (with a par value of ₱1,000 per share) follow:

	2023	2022
Authorized at ₱1,000 par value per share	**100,000,000**	100,000,000
Issued and paid at ₱1,000 par value per share	**50,000,000**	50,000,000
Capital paid in excess of par	**25,001,000**	25,001,000

The Company has one class of ordinary shares which carries no right to fixed income. There was no movement in the share capital of the Company in 2023 and 2022.

18.02 Appropriation of Retained Earnings

On February 9, 2022, the BOD held a special meeting and has approved appropriation of retained earnings amounting ₱25,000,000 for tax contingency to address the effect of Corporate Recovery and Tax Incentives for Enterprises Act on the VAT zero-rated transactions of enterprises registered with Investment Promotion Agencies, to which appropriation was effective as of December 31, 2021.

In Philippine Peso

On October 7, 2022, the BOD has resolved and approved that the purpose of the appropriation of ₱25,000,000 be changed to future purchase of a property to be used as additional office spaces. As of December 31, 2023, the Company is still in the process of the purchase of a property to which a deposit is made amounting ₱16,500,000, as disclosed in Note 9.

19. REVENUES

The Company's revenues consist of:

	Note	2023	2022
Membership fees		**884,292,376**	894,275,175
Administrative fees		**4,322,697**	3,833,778
		888,615,073	898,108,953
Increase (decrease) in UMFR and UAFR reserves	16	**(93,306,437)**	12,325,074
		795,308,636	910,434,027

20. HEALTHCARE BENEFITS AND CLAIMS

Healthcare benefits and claims consist of:

	2023	2022
Medical service and hospitalization	**622,603,770**	514,516,460
Professional fees	**121,817,732**	116,297,808
Commission – intermediaries	**54,271,521**	43,485,179
Insurance	**10,462,571**	10,253,537
Medical and office supplies	**5,778,065**	5,939,359
	814,933,659	690,492,343
Increase (decrease) in claims and ASO reserves	**(84,871,712)**	30,159,023
	730,061,947	720,651,366

In Philippine Peso

21. ADMINISTRATIVE EXPENSES

Administrative expenses consist of:

	Notes	2023	2022
Personnel costs	22	**86,340,296**	83,501,168
Provision for ECL	11	**17,450,022**	16,056,495
Professional and director fees		**11,514,490**	12,177,218
Depreciation	13,25	**11,058,571**	10,582,880
Commission		**9,414,452**	12,119,074
Taxes and licenses		**8,581,850**	7,913,755
Penalties and surcharges		**5,885,536**	4,634,815
Communication, light and water		**4,945,945**	4,788,996
Rent expense	25	**3,064,576**	2,664,504
Entertainment, amusement, and recreation		**2,487,220**	5,013,183
Office and other supplies		**1,859,858**	2,651,185
Transportation and travel		**1,770,010**	1,484,127
Parking and other dues		**944,265**	1,086,661
Repairs and maintenance		**684,360**	2,186,607
Delivery charge		**655,498**	526,450
Advertising expense		**652,722**	264,074
Insurance expenses		**486,297**	393,874
Donation		**94,480**	274,707
Trainings and seminars		**61,023**	58,500
Others		**1,631,285**	745,911
		169,582,756	169,124,184

Others include expenses incurred for events, solicitation, notarial fees, printing and miscellaneous expenses.

22. PERSONNEL COST

Personnel cost consist of:

	Note	2023	2022
Salaries and wages		**59,806,894**	54,364,584
Employee benefits and allowance		**17,308,427**	22,211,421
Government contributions		**6,146,290**	4,065,521
Retirement benefit expense	17	**3,078,685**	2,859,642
		86,340,296	83,501,168

23. OTHER INCOME – net

Other income (expense) consists of:

	Notes	2023	2022
Gain from liabilities written-off	15	**62,423,419**	682,892
Interest income	10,11	**16,608,934**	8,415,551
Interest expense		**(1,240,742)**	(1,323,845)
Loss on asset disposal and write-off	11,12	**(899,787)**	(2,290,315)
Unrealized foreign exchange gain	10	**227,957**	8,384
Realized foreign exchange gain		**175,747**	865,355
		77,295,528	6,358,022

In Philippine Peso

Interest expense pertains to interest paid to hospitals due to late payments and interest expense on lease liabilities. Interest expense on lease liabilities amounted ₱451,519 and ₱568,591 in 2023 and 2022, respectively, as disclosed in Note 25.

24. INCOME TAX EXPENSE

24.01 Income tax expense recognized in profit and loss

The components of income tax expense are as follows:

	2023	2022
Income tax expense – current:		
MCIT at 1.5%	**645,654**	–
RCIT at 25%	**–**	18,782,546
	645,654	18,782,546
Income tax benefit – deferred:		
NOLCO	**(25,243,437)**	–
Increase (decrease) in claims and ASO reserves	**21,217,928**	(7,539,755)
Provision for ECL	**(4,362,506)**	(4,014,124)
Retirement benefit expense	**(769,671)**	(714,911)
MCIT	**(645,654)**	–
Unrealized foreign exchange gain	**56,989**	2,096
Reversal of unrealized foreign exchange gain, last year	**(2,096)**	–
Leases – PFRS 16	**1,359**	(58,576)
	(9,747,088)	(12,325,270)
Income tax expense (benefit) reported in profit or loss	**(9,101,434)**	6,457,276

A reconciliation of the income tax expenses computed at statutory income tax rate to the income tax expense (benefit) shown in the statements of comprehensive income (loss) is as follows:

	2023	2022
Profit (loss) before income tax	**(27,040,539)**	27,016,499
Income tax expense at 25%	**(6,760,135)**	6,754,125
Tax effects of non-taxable income and non-deductible expenses:		
Permanent differences:		
Interest income	**(4,136,969)**	(2,096,808)
Non-deductible expense	**1,795,670**	1,799,959
	(9,101,434)	6,457,276

In Philippine Peso

24.02 Deferred tax assets – net

The components of the Company's deferred tax assets (liability) are as follows:

	Unrealized foreign exchange gain	**Retirement benefit expense**	**Claims Reserves**	**Leases – PFRS 16**	**Allowance for ECL**	**MCIT**	**NOLCO**	**DTA**
January 1, 2022	–	4,061,544	22,395,337	150,270	–	–	–	26,607,151
Impact on profit or loss:								
Origination	(2,096)	714,910	7,539,756	–	4,014,124	–	–	12,266,694
Reversal	–	–	–	58,576	–	–	–	58,576
	(2,096)	714,910	7,539,756	58,576	4,014,124	–	–	12,325,270
Impact on OCI:								
Origination	–	(552,032)	–	–	–	–	–	(552,032)
December 31, 2022	(2,096)	4,224,422	29,935,093	208,846	4,014,124	–	–	38,380,389
Impact on profit or loss:								
Origination	(56,989)	769,671	(21,217,928)	–	4,362,506	645,654	25,243,437	9,746,351
Reversal	2,096	–	–	(1,359)	–	–	–	737
	(54,893)	769,671	(21,217,928)	(1,359)	4,362,506	645,654	25,243,437	9,747,088
Impact on OCI:								
Origination	–	(176,159)	–	–	–	–	–	(176,159)
December 31, 2023	**(56,989)**	**4,817,934**	**8,717,165**	**207,487**	**8,376,630**	**645,654**	**25,243,437**	**47,951,318**

In Philippine Peso

24.03 NOLCO

Under Section 34(D)(3) of the National Internal Revenue Code of 1997, the net operating loss of business or enterprises for any taxable year, except taxable years 2020 and 2021, which had not been previously offset as deduction from gross income, shall be carried over as a deduction from gross income for the next three (3) consecutive years immediately following the year of such loss.

The carry forward benefits of the Company's NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2023	**2026**	**100,973,750**	**–**	**–**	**100,973,750**

24.04 MCIT

Section 27(E) of the National Internal Revenue Code provides that an MCIT of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than RCIT for the taxable year. The Company was incorporated on 2006, thus, it is subject to MCIT.

Any excess of the MCIT over RCIT shall be carried forward on an annual basis and credited against RCIT for 3 immediately succeeding taxable years. The ratification of the CREATE Bill lowered the MCIT from 2% to 1% effective July 2020 until June 30, 2023. Starting July 1, 2023, MCIT shall revert to the original rate of 2%.

Details of the Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Expiry Date	Excess MCIT over RCIT	Applied in previous years	Applied in 2023	Balance
2023	**2026**	**645,654**	**–**	**–**	**645,654**

25. LEASE AGREEMENTS

The lease arrangements are non-cancellable and provide for among others, payment of rental deposits which will be refunded upon termination of the leases. The Company's lease agreements are composed of short-term leases and other leases with 2 to 5 years term. Total security deposits amounting ₱1,887,933 and ₱1,071,953 as of December 31, 2023 and 2022, respectively, were paid by the Company in relation with the lease contracts, as disclosed in Note 12 and 14.

In Philippine Peso

25.01 Right-of-use of assets

The Company lease contracts for office spaces used in its operations qualified under PFRS 16 generally have lease terms between 2 and 5 years.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during 2023:

	2023	2022
Cost:		
Balance, January 1	**7,908,988**	7,327,395
Additions	–	3,329,432
Balance, December 31	**7,908,988**	10,656,827
Depreciation	**(2,625,392)**	(2,747,839)
Net carrying value	**5,283,596**	7,908,988

25.02 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Notes	**2023**	2022
Balance, January 1	26	**8,744,375**	7,928,476
Additions		–	3,329,432
Accretion of interest	25,26	**451,519**	568,591
Payments	26	**(3,082,348)**	(3,082,124)
Balance, December 31	8,26	**6,113,546**	8,744,375

The following is the current and non-current portion of lease liabilities as of December 31, 2023 and 2022.

	2023	2022
Current	**2,735,384**	2,630,829
Non-current	**3,378,162**	6,113,546
	6,113,546	8,744,375

The maturity analysis of lease payments is disclosed below:

	2023	2022
Lease payments:		
Within 1 year	**2,956,302**	3,082,348
1-5 years	**3,536,646**	6,564,676
	6,492,948	9,647,024

	2023	2022
Interest:		
Within 1 year	**220,918**	451,519
1-5 years	**158,484**	451,130
	379,402	902,649

In Philippine Peso

The following are amounts recognized in profit or loss:

	Notes	2023	2022
Depreciation of right-of-use asset	21	**2,625,392**	2,747,839
Interest expense on lease liability	23	**451,519**	568,591
Total amount recognized in profit/loss		**3,076,911**	3,316,430

25.03 Short Term Leases Not Qualified Under PFRS 16

The Company has short-term leases with various lessors. The operating lease agreements are short-term periods ranging from 1 to 12 months from the date of contracts. Rent expense for the years ended December 31, 2023 and 2022 amounted to ₱3,064,576 and ₱2,664,504, respectively, as disclosed in Note 21.

26. NOTES TO CASH FLOWS

The following are the financing activities resulting to changes in the Company's liabilities:

2023	**January 1, 2023**	**Cashflows**	**Others**	**December 31, 2023**
Lease liabilities*	**8,744,375**	**(3,082,348)**	**451,519**	**6,113,546**

**Cashflows include payment of principal and interest portion amounting to ₱2,630,829 and ₱451,519, respectively (see Note 25).*

2022	January 1, 2022	Cashflows	Others	December 31, 2022
Lease liabilities*	7,928,476	(3,082,124)	3,898,023	8,744,375

**Cashflows include payment of principal and interest portion amounting to ₱2,513,533 and ₱568,591, respectively (see Note 25).*

26.01 Non-cash Activities

In 2023, the Company has no significant non-cash investing and financing activities.

In 2022, the Company's significant non-cash investing and financing activities pertain to the recognition of right-of-use assets and lease liabilities, both amounting to ₱3,329,432, as disclosed in Note 25.

27. PROVISIONS AND CONTINGENCIES

As of December 31, 2023, the Company has two pending litigations. The first involves the case of against the Company which is presently underway in the Regional Arbitration Branch and poses a potential liability of ₱500,000. Meanwhile, the second case presently underway of SENA proceeding and no amounts were specified yet. However, due to the inherent uncertainty surrounding legal proceedings, including factors such as legal precedent, judgments of courts, and settlements reached by parties, the final resolution and financial impact of the litigation cannot be predetermined with certainty.

Other than the above, the Company is not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, to be accrued or disclosed in the financial statements. The Company has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

28. EVENTS AFTER THE REPORTING PERIOD

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

SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS (RR) No. 15-2010

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Value-Added Tax (VAT)

The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

Output VAT

Details on the Company's VAT output tax declared are as follows:

	2023		2022	
	Tax Base	**Output VAT**	Tax base	Output VAT
Taxable Sales:				
Sale of goods	**735,909,699**	**88,309,164**	758,043,700	90,965,244
Exempt sales	**68,207,235**	–	65,896,165	–
Zero - rated sales	**672**	–	7,342,641	–
	804,117,606	**88,309,164**	831,282,506	90,965,244

The NIRC specifies the services that are subject to zero percent (0%) VAT rate. Zero-rated sale of services pertains to services made by the Company to non-resident foreign customers, in which the consideration for the services is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas [Section 108 (B) (2) of NIRC].

The Company's sale of services as reported in the VAT returns are based on actual collection, hence, such may not be the same with amounts recognized as revenue from services.

Input VAT

An analysis of the Company's input tax claimed are as follows:

	2023	2022
Beginning balance of input VAT	–	–
Add Input VAT on Domestic Purchases of:		
Domestic Purchase of Goods other than Capital Goods	**5,258,586**	5,299,678
Total available input vat	**5,258,586**	5,299,678
Deductions from input vat:		
Claimed against output VAT	**(5,258,583)**	(5,263,772)
Input VAT allocated to exempt gross receipts	**(3)**	(35,906)
Total Allowable Input Vat	–	–

VAT on Importation of Goods

The Company has no importations for the years ended December 31, 2023 and 2022.

Excise Taxes

The Company has no excise taxes paid or accrued for the years ended December 31, 2023 and 2022.

Documentary Stamp Tax

The Company paid documentary stamp tax amounting to ₱465,755 on purchase of property and ₱21,307 on lease and other hiring agreements for in 2023 and 2022, respectively.

Taxes and Licenses

An analysis on the Company's taxes and licenses and permit fees paid or accrued, which are presented as part of administrative expenses, is as follows:

	2023	2022
National taxes:		
Registration fee	**1,500**	1,500
Documentary stamp tax	**465,755**	21,307
Others	**2,017,086**	287,872
Local taxes:		
Licenses and permit fees	**6,084,769**	5,963,923
Community tax	**10,000**	10,500
Real property tax	**–**	1,378,164
Others	**2,740**	250,489
	8,581,850	7,913,755

Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued is as follows:

2023	**Paid**	**Accrued**	**Total**
Expanded withholding taxes	**25,703,299**	**2,035,578**	**27,738,877**
Withholding taxes on compensation	**7,049,123**	**336,638**	**7,385,761**
	32,752,422	**2,372,216**	**35,124,638**

2022	Paid	Accrued	Total
Expanded withholding taxes	22,176,009	2,474,437	24,650,446
Withholding taxes on compensation	5,996,164	715,341	6,711,505
	28,172,173	3,189,778	31,361,951

Tax Assessments

The Company has a Letter of Authority (LOA) from the BIR for the period January 01, 2022 to June 30, 2022, under LOA No. eLA201900008700 dated December 15, 2022, and for the period July 01, 2022 to December 31, 2022, under LOA No. eLA202000048673 dated April 25, 2023. The said LOAs were settled on June 9, 2023.

The BIR submitted a report of investigation on the Company's internal tax liabilities except VAT for the period January 1, 2022 to December 31, 2022. This is pursuant to LOA No. eLA202000034389 dated June 19, 2023. The said report includes the details of discrepancies as a result of the aforestated investigation. The Company submitted the requested records and documents on May 10, 2024. As of December 31, 2023, the Company is still waiting for the BIR's response for the LOA.

The Company has another pending LOA from the BIR under LOA No. eLA202000048905 dated September 13, 2023, to which the authorized personnel from the assessment division will examine the Company's books of accounts and other accounting records for VAT for the period January 1, 2023 to June 30, 2023. On May 08, 2024, the Company submitted the requested records and documents to the BIR. As of December 31, 2023, the Company is still waiting for the BIR's response for the LOA.

Another LOA was issued by the BIR under LOA No. eLA202300016313 dated April 24, 2024, to which the authorized personnel from the assessment division will examine the Company's books of accounts and other accounting records for VAT for the period July 1, 2023 to December 31, 2023. The Company submitted the requested records and documents on May 17, 2024. As of December 31, 2023, the Company is still waiting for the BIR's response for the LOA.

The BIR filed a complaint at Revenue Region No. 8A, Makati, against the three (3) responsible corporate officers of the Company for violation of Sec. 266, in relation to Sec. 5, 14, 253 and 256 of the NIRC, as amended. It was alleged that the responsible corporate officers failed to comply with Subpoena Duces Tecum (SDT) issued earlier by BIR. This is in connection with LOA No. eLA202000343895 dated June 19, 2023, which requires the responsible corporate officers to submit, within ten (10) days from receipt thereof, all the books of accounts covering the said taxable period. Two (2) notices for submission of records and/documents were sent to the Company, in which the responsible corporate officers failed to submit the accounting records and books of accounts for the said taxable period. The presented evidence failed to show that the SDT was personally received by the Company or any of its duly authorized representative. Due to lack of substantial compliance with the mandated procedure of RMO 10-13. It was ruled that the SDT was improperly served. Further, the responsible corporate officers cannot be faulted for alleged non-compliance without proof of such receipt. Hence, the case was dismissed in favor of the responsible corporate officers.

Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2023 and 2022.

Alas Oplas & Co., CPAs

REPORT ON THE SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Board of Directors and Stockholders
EASTWEST HEALTHCARE, INC.
(Formerly Eastwest Business Solutions, Inc.)
6th Floor Makati Executive Center,
114 Leviste St. Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the basic financial statements of **EASTWEST HEALTHCARE, INC.** ***(Formerly Eastwest Business Solutions, Inc.)*** as at and for the years ended December 31, 2023, and 2022, on which we have rendered the attached report dated June 13, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration is presented for purposes of compliance with the requirements under Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

RYAN A. SABUG
Partner
CPA License No. 0111183
BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period
TIN 232-158-286-000
PTR No. 10075665, issued on January 2, 2024, Makati City

June 13, 2024
Makati City, Philippines

Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2023

EASTWEST HEALTHCARE, INC.
6th Floor Makati Executive Center,
114 Leviste St. Salcedo Village, Makati City

Unappropriated Retained Earnings, beginning of reporting period	**28,214,142**
Less: Net loss for the current year	**(17,410,627)**
Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement in deferred tax asset related to same transactions	**(9,747,088)**
Total Retained Earnings, end of the reporting period available for dividend	**1,056,427**

EastWest Healthcare

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EASTWEST HEALTHCARE, INC.** is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Alas, Oplas & Co., CPAs, the 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, has expressed its opinion on the fairness of presentation upon completion of such audit.

ORBIVITANO R. DIAZ
President

RUSTIE C. PORCIUNCULA
Chairman

ATTY. IRISH TOM T. TOLENTINO
Treasurer

Signed this 13th day of June, 2024.