WellCare Health Maintenance, Inc.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

Financial Statements
December 31, 2021 and 2020 and
For the Year Ended December 31, 2021 and
For the Period from March 10, 2020 to
December 31, 2020

and

Independent Auditor's Report

SGV
Building a better
working world

A member firm of Ernst & Young Global Limited

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
WellCare Health Maintenance, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WellCare Health Maintenance, Inc. (a wholly owned subsidiary of Transnational Diversified Corporation; the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2021 and for the period from March 10, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period from March 10, 2020 to December 31, 2020 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 audit opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulation 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 Regulation 15-2010 in Note 17 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Genghis O. Grospe

Genghis O. Grospe
Partner
CPA Certificate No. 121500
Tax Identification No. 255-541-291
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 121500-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-139-2021, April 27, 2021, valid until April 26, 2024
PTR No. 8853498, January 3, 2022, Makati City

April 13, 2022

WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱59,720,556**	₱10,149,887
Trade and other receivables (Note 5)	**37,336,009**	–
Prepaid expenses and other current assets (Note 6)	**3,391,891**	–
Total Current Assets	**100,448,456**	10,149,887
Noncurrent Assets		
Property and equipment (Note 7)	**4,070,891**	147,047
Deferred income tax asset (Note 14)	**10,418**	–
Other noncurrent assets	**350,000**	–
Total Noncurrent Assets	**4,431,309**	147,047
TOTAL ASSETS	**₱104,879,765**	₱10,296,934
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 8)	**₱62,599,291**	₱612,028
Income tax payable	**5,790,164**	–
Dividends payable (Note 9)	**19,000,000**	–
Total Current Liabilities	**87,389,455**	612,028
Noncurrent Liability		
Retirement benefit obligation (Note 13)	**41,672**	–
Total Liabilities	**87,431,127**	612,028
Equity		
Capital stock (Note 9)	**13,000,000**	10,000,000
Remeasurement loss on retirement benefit (Note 13)	**(30,329)**	–
Retained earnings (Deficit) (Note 9)	**4,478,967**	(315,094)
Total Equity	**17,448,638**	9,684,906
TOTAL LIABILITIES AND EQUITY	**₱104,879,765**	₱10,296,934

See accompanying Notes to Financial Statements.

WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD FROM MARCH 10, 2020 TO DECEMBER 31, 2020*

	2021 (One Year)	2020 (Ten Months)
REVENUE	**₱117,325,555**	₱–
DIRECT COSTS (Note 10)	**69,899,278**	60,994
GROSS PROFIT	**47,426,277**	(60,994)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	**(7,836,310)**	(254,187)
INTEREST INCOME (Note 4)	**22,790**	87
INCOME (LOSS) BEFORE INCOME TAX	**39,612,757**	(315,094)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 13)		
Current	**9,819,005**	–
Deferred	**(309)**	–
	9,818,696	–
NET INCOME (LOSS)	**29,794,061**	(315,094)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on retirement benefit plan - net of tax (Note 13)	**(30,329)**	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱29,763,732**	(₱315,094)

The Company was registered with the Philippine Securities and Exchange Commission on March 10, 2020.

See accompanying Notes to Financial Statements.

WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD FROM MARCH 10, 2020 TO DECEMBER 31, 2020*

	Capital Stock (Note 9)	Remeasurement Loss on Retirement Benefit (Note 13)	Retained Earnings (Deficit) (Note 9)	Total
Issuance of capital stock	₱10,000,000	₱–	₱–	₱10,000,000
Total comprehensive loss	–	–	(315,094)	(315,094)
Balances at December 31, 2020	10,000,000	–	(315,094)	9,684,906
Total comprehensive income (loss)	–	(30,329)	29,794,061	29,763,732
Issuance of capital stock (Note 9)	3,000,000	–	–	3,000,000
Cash dividends declared (Note 9)	–	–	(25,000,000)	(25,000,000)
Balances at December 31, 2021	₱13,000,000	(₱30,329)	₱4,478,967	₱17,448,638

The Company was registered with the Philippine Securities and Exchange Commission on March 10, 2020.

See accompanying Notes to Financial Statements.

WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND FOR THE PERIOD FROM MARCH 10, 2020 TO DECEMBER 31, 2020*

	2021 (One Year)	2020 (Ten Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱39,612,757**	(₱315,094)
Adjustments for:		
Depreciation and amortization (Notes 7 and 10)	**580,853**	60,994
Interest income	**(22,790)**	(87)
Operating income (loss) before changes in working capital	**40,170,820**	(254,187)
Decrease (increase) in:		
Trade and other receivables	**(37,336,009)**	–
Prepaid expenses and other current assets	**(4,161,438)**	–
Other noncurrent assets	**(350,000)**	–
Increase in accounts payable and accrued expenses	**61,987,263**	612,028
Increase in retirement benefit obligation	**1,234**	–
Net cash generated from operations	**60,311,870**	357,841
Interest received	**22,790**	87
Income taxes paid	**(3,259,294)**	–
Net cash flows from operating activities	**57,075,366**	357,928
CASH FLOWS FROM AN INVESTING ACTIVITY		
Additions to property and equipment (Note 7)	**(4,504,697)**	(208,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock (Note 9)	**3,000,000**	10,000,000
Cash dividends paid (Note 11)	**(6,000,000)**	–
Net cash flows from (used in) financing activities	**(3,000,000)**	10,000,000
NET INCREASE IN CASH	**49,570,669**	10,149,887
CASH AT BEGINNING OF YEAR	**10,149,887**	–
CASH AT END OF YEAR	**₱59,720,556**	₱10,149,887

The Company was registered with the Philippine Securities and Exchange Commission on March 10, 2020.

See accompanying Notes to Financial Statements.

WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

WellCare Health Maintenance, Inc. (the Company) was registered with the Philippine Securities and Exchange Commission on March 10, 2020 primarily to engage in to establish, maintain, conduct and operate a prepaid group health care delivery system or health maintenance organization through pre-agreed healthcare services or its enrolled members for a fixed fee for a specific period.

The Company is a wholly owned subsidiary of Transnational Diversified Corporation (TDC; the ultimate parent company), a company incorporated in the Philippines.

The Company's registered office address is at 551 Cabildo Street, Casa Marinero II Building, Intramuros, Manila.

The financial statements of the Company as of December 31, 2021 and 2020 and for the year ended December 31, 2021 and for the period from March 10, 2020 to December 31, 2020 were approved and authorized for issue by the Board of Directors (BOD) on April 13, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost. The financial statements are presented in Philippine peso (₱), which is the Company's functional currency.

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The Company qualifies to report under PFRS for Small Entities. However, it availed of the exemption granted by the Philippine SEC on the basis that the Company is a subsidiary of TDC, which reports under full PFRSs.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective January 1, 2021. The following amended standards did not have any significant impact on the Company's financial statements:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, Philippine Accounting Standard (PAS) 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Company classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 to 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 nonfinancial 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 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.

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

Financial Assets
Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as financial assets at amortized cost, FVOCI, and FVTPL.

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. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15 (refer to Revenue from Contracts with Customers).

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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

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

As of December 31, 2021 and 2020, the Company's financial assets at amortized cost consist of "Cash" and "Trade and other receivables".

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group 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.

Financial Liabilities
Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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 includes "Accounts payable and accrued expenses", "Dividends payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards such as income tax payable).

Loans and borrowings
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.

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 profit or loss. This category generally applies to interest-bearing loans and borrowings.

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 profit and loss.

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Cash
Cash includes cash in banks and on hand. Cash in banks earn interest at floating rates based on daily

Prepayments and Other Current Assets
Prepayments and other current assets consist mainly of input value added tax VAT and prepaid expenses.

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

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable and is presented under "Accounts payable and accrued expenses" in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset and is presented under "Prepaid expenses and other current assets" in the statement of financial position to the extent of the recoverable amount.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any.

The initial cost of property and equipment comprises of its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets while leasehold improvements are amortized over their estimated useful lives or the term of the lease, whichever is shorter, as follows:

Category	Number of Years
ICT equipment	3-5
Office furniture	3-5
Transportation equipment	10

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated and amortized separately.

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

Fully depreciated and amortized property and equipment are retained in the accounts until these are no longer in use.

When property and equipment are retired or otherwise disposed of, their cost, accumulated depreciation and amortization and any accumulated impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Impairment of Property and Equipment

The Company assesses at each reporting date whether there is an indication that the property and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher between an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Any impairment loss is recognized in profit or loss.

An assessment is made at each reporting date 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 Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits

The Company has a defined retirement benefit plan which requires contributions to be made to separately administered fund.

The net defined benefit asset or 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 plan is actuarially determined by an independent qualified actuary using the projected unit credit method.

Defined benefit costs is comprise of service costs, net interest on the net defined benefit liability or asset and 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 profit or loss. Past service costs are recognized when plan amendment occurs.

Net interest on the net defined benefit asset or liability is the change during the period in the net defined benefit asset or liability 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 profit or 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 net defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when, and only when, reimbursement is virtually certain.

Other Noncurrent Assets
Other noncurrent assets are composed of cash bonds which are cash advances to service providers as determined in the service agreements. These deposits are measured at the amount of cash outflow at the time of payment and periodically reviewed for impairment.

Capital Stock
The Company has issued capital stock that is classified as equity and is measured at par value for all shares issued.

Retained Earnings
Retained earnings include accumulated profits and losses attributable to the Company's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standards transitional provisions.

Revenue from Contracts with Customers
Revenue from contract with customers are recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

Sale of services - medical
Revenue from sale of services is recognized overtime as the medical services are rendered using the output method where the customers receive the benefits of the Company's performance as it performs the service and simultaneously consume those benefits as they are received

Interest income
Interest income is recognized as it accrues taking into account the effective yield of the asset.

Other income
Other income is recognized when earned.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Direct costs
Direct costs include HMO - utilization which are recognized whenever employees from accredited companies use their medical benefits, and cost of services which are recognized when incurred.

General and administrative expenses
General and administrative expenses are generally recognized when the services are used or the expenses arise.

Leases
Company as a lessee
The Company applies the short-term lease recognition exemption to its short-term lease (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 lease assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

Income Taxes
Current income taxes
Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the profit or loss.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss, net of any reimbursement.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events, are disclosed in the notes to the financial statements when material.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2021
Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements.

Effective Beginning on or After January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of PFRSs, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective Beginning on or After January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective Beginning on or After January 1, 2024

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

Effective Beginning on or After January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

---

3. Significant Accounting Estimates and Assumptions

The Company's financial statements prepared in accordance with PFRSs require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Estimates and Assumptions</u>

Impairment of Financial Assets at Amortized Cost

The calculation is initially based on the Company's historical observed default rates. The Company will calibrate the calculation to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

The Company did not recognize any provision for impairment loss in 2021 and 2020. As of December 31, 2021 and 2020, the carrying amount of trade and other receivables amounted to ₱37,336,009 and nil, respectively (see Note 5).

Estimating Impairment of Property and Equipment
The Company assesses impairment of an asset whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the asset's value in use. The value in use is based on the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the asset, the Company is required to make estimates and assumptions that can materially affect the financial statements.

The Company did not recognize impairment losses on property and equipment in 2021 and 2020. The net book value of property and equipment amounted to ₱4,070,891 and ₱147,047 as of December 31, 2021 and 2020, respectively (see Note 7).

4. **Cash**

	2021	2020
Cash in banks	**₱59,570,556**	₱10,149,887
Cash on hand	**150,000**	–
	₱59,720,556	₱10,149,887

Cash in banks earn interest at the respective bank deposit rates.

Interest income earned amounted to ₱22,790 and ₱87 in 2021 and 2020, respectively.

5. **Trade and Other Receivables**

As of December 31, 2021, this account consists of the following:

Trade receivables	
Related parties (see Note 12)	₱36,809,216
Third parties	260,316
Other receivables	266,477
	₱37,336,009

Trade receivables are noninterest-bearing and are normally on 30-day credit terms. The Company assessed all trade and other receivables as collectible and in good standing. There are no impaired. trade and other receivables.

Other receivables consist mainly of advances to officers and employees.

6. Prepaid Expenses and Other Current Assets

As of December 31, 2021, this account consists of the following:

Input VAT	₱3,163,434
Deferred input VAT	227,957
Others	500
	₱3,391,891

7. Property and Equipment

	2021				2020
	ICT Equipment	**Transportation Equipment**	**Office and Furniture**	**Total**	ICT Equipment
Cost:					
Balances at beginning of year	**₱208,041**	**₱–**	**₱–**	**₱208,041**	₱–
Additions	**2,444,658**	**1,899,642**	**160,397**	**4,504,697**	208,041
Balances at end of year	**2,652,699**	**1,899,642**	**160,397**	**4,712,738**	208,041
Accumulated depreciation and amortization:					
Balances at beginning of year	**60,994**	**–**	**–**	**60,994**	–
Depreciation and amortization	**534,075**	**–**	**46,778**	**580,853**	60,994
Balances at end of year	**595,069**	**–**	**46,778**	**641,847**	60,994
Net book values	**₱2,057,630**	**₱1,899,642**	**₱113,619**	**₱4,070,891**	₱147,047

8. Accounts Payable and Accrued Expenses

	2021	2020
Accounts payable	**₱27,970,709**	₱–
Due to a related party (see Note 12)	**14,442,464**	612,028
Accrued expenses	**14,059,378**	–
Claims reserves	**4,531,839**	–
Others	**1,594,901**	–
	₱62,599,291	₱612,028

Accounts payable are noninterest-bearing and are normally on 30-day credit terms.

Accrued expenses include accrual for rent and utilities, employee benefits and professional fees, among others. Accrued expenses are generally settled within a year.

Other payables consist mainly of statutory payables such as withholding taxes, Social Security System premiums, health insurance and other liabilities to the government.

9. Equity

Capital Stock

	Number of Common Shares	
	2021	2020
Authorized stock - ₱10 per value	**10,000,000**	10,000,000
Issued and outstanding	**1,300,000**	1,000,000

On April 14, 2021, the BOD authorized the issuance of capital stock amounting to ₱3,000,000 representing 300,000 shares with a par value of ₱10 per share.

Retained Earnings
On December 31, 2021, the Company declared cash dividends amounting to ₱25,000,000, equivalent to ₱10.00 per share, out of its retained earnings and to all stockholders as of the same date. ₱19,000,000 remains unpaid as of December 31, 2021.

10. Direct Costs

	2021 (One Year)	2020 (Ten Months)
Medical-related	**₱42,946,612**	₱–
Professional and consultation fees	**20,653,795**	–
Employee-related:		
Salaries, wages and allowances	**4,767,399**	–
Other employee benefits	**40,983**	–
Rent, light and water	**909,635**	–
Depreciation and amortization (see Note 7)	**580,853**	60,994
	₱69,899,278	₱60,994

11. General and Administrative Expenses

	2021 (One Year)	2020 (Ten Months)
Morale and training	**₱2,778,243**	₱–
Employee-related:		
Salaries, wages and allowances	**1,840,019**	–
Retirement benefits	**1,234**	–
Other employee benefits	**686,761**	–
Office supplies	**462,142**	–
Rent, light and water	**384,368**	–
Professional and consultation fees	**280,000**	–
Communication	**265,411**	–
Transportation and travel	**227,265**	–
Taxes and licenses	**208,670**	253,987
Insurance	**176,490**	–
Entertainment, amusement and recreation	**97,233**	–
Repairs and maintenance	**95,317**	–
Others	**333,157**	200
	₱7,836,310	₱254,187

12. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The Company's related party transactions in the ordinary course of business are as follows:

a. The Company arranges managed care, acts as a liaison with health care providers, provides medical services to employees of the following related parties:

	2021		2020			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Period	Outstanding Balance	Terms	Conditions
Parent:						
Transnational Diversified Corporation (TDC)	**₱200,000**	**₱180,096**	₱–	₱–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Stockholder of TDC:						
Joint Research and Development Corp. (JRDC)	**592,433**	**–**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Entities under common control:						
Transnational Medical Diagnostic Center (TMDC)	**24,652,292**	**24,266,708**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Seidopro Global, Inc. (SGI)	**17,453,350**	**4,637,017**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Adventure International Tours, Incorporated (AITI)	**3,250,400**	**386,721**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK TDG Philippines, Inc. (NTPI)	**2,777,650**	**–**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NCT Transnational Corporation	**2,429,650**	**337,205**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK-Fil Ship Management, Inc. (NSMI)	**2,393,500**	**454,550**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Logistics Solutions Corp. (TLSC)	**2,332,358**	**2,450,645**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired :
Transnational Aviation Support Service, Inc (TASSI)	**1,405,400**	**665,115**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transcontainer (TCL) Philippines, Inc.	**1,354,796**	**233,585**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational e-Business Solutions, Inc. (TESI)	**1,276,250**	**268,150**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK-Transnational Institute Foundation, Inc.	**1,059,260**	**133,980**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Logistics, Inc. (TLI)	**830,464**	**760,271**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational e-Business Solutions, Inc.-BSS (TESI-BSS)	**827,385**	**827,385**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Universal Holidays, Inc. (UHI)	**777,900**	**312,345**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Clark Airport Support Services Corp. (CASSC)	**650,350**	**44,737**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK-Fil Maritime E-Training, Inc. (NETI)	**572,500**	**–**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired

(Forward)

	2021		2020			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Period	Outstanding Balance	Terms	Conditions
TDG Crew Management, Inc. (TCM)	**₱569,050**	**₱20,472**	₱–	₱–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Asiana Philippines GSA, Inc. (APGSAI)	**461,350**	**–**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Marco Pay (MCP)	**445,650**	**59,600**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Vroon-Fil Ship Management, Inc.	**434,298**	**19,862**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
E2R HR Solutions, Inc.	**389,600**	**334,146**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Diversified Group, Inc. (TDGI)	**377,950**	**38,280**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Easycall Communications Philippines, Inc.	**328,850**	**64,845**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Ship Management, Inc. (TSMI)	**319,850**	**28,596**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Uyeno Solar Corp. (TUSC) 2	**282,150**	**8,580**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Financial Services, Inc. (TFSI)	**216,050**	**27,500**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Uyeno Solar Corporation 1 (TUSC)	**199,200**	**7,260**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Air Services Corporation	**162,250**	**6,636**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Kamraz Agriculture, Inc. (KAI)	**160,383**	**18,804**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Insurance Management and Agency, Inc. (TIMA)	**154,900**	**30,745**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Ventures, Inc. (TVI)	**139,050**	**5,280**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Argomall, Inc. (AI)	**135,800**	**5,940**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational e-Business Solutions, Inc. (TESI-EFSS)	**118,800**	**14,700**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Human Resource Management, Inc. (THRMI)	**94,300**	**5,280**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG SG Global Academy, Inc. (TSGA)	**90,150**	**100,968**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational eGlobal, Inc. (TEGI)	**79,000**	**660**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK Transnational Properties, Inc. (NTPI)	**56,400**	**3,536**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Antonelli Realty Holdings, Inc. (ARHI)	**55,200**	**2,640**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Vision Air & Sea Services Inc. (VASSI)	**50,800**	**–**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK Transnational Land Corporation (NTLC)	**47,850**	**9,576**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Apex (Philippines) Equities Corporation (APEC)	**45,000**	**1,320**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired

(Forward)

	2021		2020			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Period	Outstanding Balance	Terms	Conditions
TDG Asia Corp. (TAC)	**₱40,800**	**₱5,060**	₱–	₱–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Uyeno Safety Academy, Inc. (TUSA)	**39,000**	**2,695**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Tanji Land, Inc. (TANJI)	**32,800**	**4,760**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transierra Ridge	**25,550**	**1,344**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Eperformax Contact Centers Corp.	**19,200**	**18,816**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TMU Solar Philippines, Inc.	**10,200**	**2,805**	–	–	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
		₱36,809,216	₱–	₱–		

Transactions during the year are presented under "Revenue" in the statements of comprehensive income. Outstanding balances are presented under "Trade and other receivables" account in the statements of financial position.

b. The Company's transactions with related parties include cash advances working capital requirements and reimbursements of expenses incurred. Outstanding balance is presented under "Due to related party" account in the statements of financial position.

	2021		2020			
	Transactions During the Year	**Outstanding Balance**	Transactions During the year	Outstanding Balance	Terms	Condition
Fellow subsidiary:						
TMDC	**₱14,442,464**	**₱14,442,464**	₱612,028	₱612,028	30 days; noninterest-bearing; to be settled in cash	Unsecured

c. The Company participates in the Transnational Diversified Group of Companies Retirement Plan (the Group Plan; see Note 13).

d. The Company has no key management personnel since the financial and administrative activities, such as legal, internal audit, corporate planning and other corporate costs, are being handled by TMDC, a subsidiary of TDC.

13. Retirement Benefits

The Company participates in the Group Plan, a funded, noncontributory defined benefit retirement plan covering substantially all regular employees of the participating companies. Benefits are based on certain percentage of the final monthly basic salary for every year of credited service of the employees. The annual contribution to be paid by the participating companies to the Group Plan is based on the unfunded actuarial liability computed individually for each participating company. The funds are administered by the Retirement Committee appointed by the BOD of the participating companies. The Retirement Committee is responsible for the investing decisions of the Group Plan and defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants.

Under the existing regulatory framework, *Republic Act No. 7641*, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Movements in retirement benefit obligation recognized in the statements of financial position are as follows:

		Retirement Benefit Expense in Profit or Loss					Remeasurement Gains (Losses) in Other Comprehensive Income							
	January 1, 2021	Past Service Cost	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on Plan Assets (excluding Amount included in net interest)	From Changes in Financial Assumptions	Actuarial Changes Arising Change in Demographic Assumptions	Experience Adjustments	Subtotal	Acquired/ (Transferred)	Contributions	December 31, 2021
Present value of defined benefit obligation	**₱–**	**₱–**	**₱1,234**	**₱–**	**₱1,234**	**₱–**	**₱–**	**₱–**	**₱–**	**₱40,438**	**₱40,438**	**₱4,412,681**	**₱–**	**₱4,454,353**
Fair value of plan assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,412,681)**	**–**	**(4,412,681)**
Retirement benefit obligation	**₱–**	**₱–**	**₱1,234**	**₱–**	**₱1,234**	**₱–**	**₱–**	**₱–**	**₱–**	**₱40,438**	**₱40,438**	**₱–**	**₱–**	**₱41,672**

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

During the year, the Company acquired eight employees from TMDC with no break in service and with corresponding plan asset transfer. The acquired obligation and asset, as a result of this transfer, is reflected in the movement of defined benefit obligation and asset and movement in the fair value of plan assets.

The major categories of the Group Plan's assets as a percentage of the fair value of the total plan assets in 2021 are as follows:

Cash and cash equivalents	62.00%
FVTPL investments	21.00%
Investment in pension trust	–%
Others	17.00%

The Group Plan's assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Marketable securities, which includes proprietary shares in listed corporations;
- Investment in pension trust, which represents a pension policy plan from Transnational Plans Inc., an entity under common control, with trust funds that are managed by a trustee bank as per regulations of the Philippine SEC; and
- Other investments, which includes offshore investment in fund.

The principal actuarial assumptions used to determine the present value of defined benefit obligation are as follows:

Discount rate	4.98%
Future wage and salary rate increases	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation as of December 31, 2021, assuming all other assumptions were held constant:

	Basis Points	Increase (Decrease)
Discount rate	+100	(₱327,159)
	-100	366,970
Future wage and salary rate increases	+100	₱380,915
	-100	(345,495)

The Retirement Committee reviews the performance of the Group Plan on a regular basis. It assesses whether the Group Plan will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Retirement Committee also reviews the solvency position of the different participating companies on an annual basis and estimates, through the actuary, the expected contribution to the Group Plan in the subsequent year.

The average duration of the defined benefit obligation as of December 31, 2021 is 15.98 years.

The maturity analysis of the undiscounted benefit payments as of December 31, 2021 are as follows:

Less than 1 year	₱175,653
More than 1 year but less than 5 years	908,605
More than 5 years but less than 10 years	6,217,951
More than 10 years but less than 15 years	246,544
More than 15 years but less than 20 years	430,798
More than 20 years	5,274,661
	₱13,254,212

14. **Income Taxes**

The Company's provision for current income tax represents regular corporate income tax in 2021. The Company will be subjected to minimum corporate income tax (MCIT) starting 2024.

The reconciliation of income tax expense computed at statutory income tax rates to provision for income tax is as follows:

	2021 (One Year)	2020 (Ten Months)
Income tax at statutory tax rate of 25% in 2021 and 30% in 2020	**₱9,903,189**	(₱94,528)
Additions to (reductions from) income tax resulting from:		
Application of NOLCO	**(78,795)**	–
Interest income subjected to final tax	**(5,698)**	(26)
Movement in unrecognized deferred income tax asset	**–**	94,554
	₱9,818,696	₱–

The components of the Company's deferred income tax asset in 2021 are as follows:

	2021
Deferred income tax asset on accumulated remeasurement losses on retirement benefit asset recognized in other comprehensive loss	₱10,109
Deferred income tax asset on retirement benefit asset recognized in profit or loss:	309
Deferred income tax asset	₱10,418

In 2021, the Company utilized its NOLCO incurred in 2020 amounting to ₱315,181.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
The Office of the President of the Philippines signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

15. **Financial Instruments and Capital Risk Management**

Financial Risk Management Objectives and Policies
The Company's financial instruments comprise of cash, trade and other receivables, accounts payable and accrued expenses and dividends payable.

The BOD has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's financial risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls and to monitor and assess risks and compliance to internal control policies. Financial risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

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, and arises principally from the Company's trade and other receivables. The Company trades only with recognized, creditworthy counterparties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The Company evaluated its cash in banks as high quality financial assets as these are deposited with reputable banks duly approved by the BOD.

The carrying value of cash and trade and other receivables are neither past due nor impaired as of December 31, 2021 and 2020 and are considered by management as high grade.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. The parent company provides the Company's funding requirements as needed.

Based on the Company's assessment, the carrying amount of cash and trade and other receivables as of December 31, 2021 and 2020 are readily available for liquidity purposes. The Company's accounts payable and accrued expenses and dividends payable are either due and demandable or payable within a year as of December 31, 2021 and 2020.

Fair Value of Financial Instruments
Cash, Trade and Other Receivables, Accounts Payable and Accrued Expenses and Dividends Payable
The carrying amounts of these financial instruments approximate their fair values due to their short-term maturities.

Capital Risk Management
The primary objective of the Company's capital risk management is to ensure that the Company maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company considers total equity presented in the statements of financial position as its core capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital in 2021 and 2020.

The Company is not subject to externally-imposed capital requirements.

16. Impact of COVID-19

The Philippines has been placed in a stringent community quarantine, varying in terms of degree and location since the COVID-19 outbreak in 2020. This community quarantine has caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company has an in-placed and extensive business continuity plan on similar risk, including the lay-out of the necessary steps that will help address or minimize the Company's business exposures. However, considering the evolving nature of this outbreak, the Company will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.

17. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued for the year ended December 31, 2021:

a. The Company is a VAT-registered company with VAT output tax declaration of ₱2,237,887 for the year ended December 31, 2021 based on the amount of ₱18,649,058 presented under "Revenue" account in the 2021 statement of comprehensive income which are subject to VAT of 12%.

b. The amounts of sales of service reported are based on actual cash receipts, hence, may not be the same amount presented under "Revenue" account in the 2021 statement of comprehensive income.

c. Input VAT

Balance at January 1, 2021	₱–
Current year domestic purchases/payments of:	
Services	4,680,757
Goods other than capital goods	720,564
	5,401,321
Claimed against output VAT	(2,237,887)
Balance at December 31, 2021	₱3,163,434

d. Other taxes and licenses presented under "General and administrative expenses" account in the 2021 statement of comprehensive income are as follows:

National:	
Insurance Commission	₱40,400
Notary	26,110
Others	125,000
Local:	
Municipal license	16,135
Community tax	1,025
	₱208,670

e. The amount of withholding taxes paid/accrued for the year amounted to:

Expanded withholding taxes	₱3,006,509
Withholding taxes on compensation and benefits	424,218
	₱3,430,727

f. Tax assessments and cases
The Company did not receive any notice of final assessment as of December 31, 2021. Also, the Company has no tax cases, under preliminary investigation, litigation and/or prosecution, in courts or bodies outside of BIR as of December 31, 2021.