

## **MANAGEMENT REPORT AS OF MARCH 31, 2025**

### **A. DESCRIPTION OF BUSINESS**

The issuer is ASIA PACIFIC MEDICAL CENTER- AKLAN INC., also known as APMC-AI or “The Company”. It was duly organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 2017 under SEC Registration No. CS 201739437.

APMC-AI has an authorized capital stock of Two Hundred Forty Million Pesos (240,000,000.00) divided into Six Hundred (600) Founders’ Shares and Two Hundred Thirty- Nine Thousand Four Hundred (239,400) Common Shares both with a par value of One Thousand Pesos (Php1,000.00) per share.

APMC-AI was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

The construction of Asia Pacific Medical Center-Aklan commenced on November 2021. The initial capital was infused by the founders. To ensure the completion of the project, the company obtained a loan facility from the Development Bank of the Philippines. The Company also applied for a secondary license for the issuance of securities through an initial public offering. On 29 June 2021, SEC issued its Permit to offer Securities thru MSRDL Order No. 36 Series of 2021 as additional source of fund. On 23 October 2023, the Board of Investments issued a Certificate of Registration in favor of the Company as a Domestic Enterprise engaged in Private General Hospital Activities.

As of March 31, 2025, the total percentage of completion of the construction of the hospital being constructed by APMC-Aklan is at 98.65% with accomplishments at 100% for Structural Works, 94.91% for Architectural Works and Interior Fit out, 96.40% for Plumbing Works, 93.62% for Fire Protection Works, 100% for Electrical Works, 100% for Electronics and Auxiliary Works, 98.97% for Mechanical Works, Perimeter Fence and Road Networks at 100%, 100% for Site Development and Auxiliary Structures, 99.80% for Medical Gases, 100% for Elevator and Escalator and 100% for Owner Supplied Material delivered and installed. The remaining works are expected to be completed in May 2025.

Asia Pacific Medical Center- Aklan Inc. (formerly: Allied Care Experts (ACE) Medical Center- Aklan Inc.) is a 7-storey 216-bed capacity hospital with helipad and perimeter and basement parking that can accommodate 96 cars, 5 ambulances, 30 motorcycles. It is located at Judge Martelino Road, Andagao, Kalibo, Aklan with a total floor area of 33,522.36 sq. meters constructed in a 9, 656 sq.m. It is presently operating with a 150-bed capacity but intends to apply for an additional authorized bed capacity to provide services to residents of Kalibo, nearby barangays and municipalities, the whole of Aklan and the neighboring provinces which are considered its catchment areas.

APMC-AI has not filed for bankruptcy, receivership nor had been a subject of similar proceedings.

Neither has there been a material reclassification, merger, consolidation, or purchase or sale of a significant amount of its assets not in the ordinary course of business.

The principal products and/or services offered by the Hospital are divided into Routine Services and Ancillary Services. The Routine Services include room and board, general nursing units, perioperative services, critical care and emergency services. Ancillary Services include dietetics, pharmacy, pathology and clinical laboratories, radiology, pulmonary and respiratory therapy, rehab medicine, heart station, neuroscience, audiology, eye center, hemodialysis center, oncology center, cardiac catheterization center, TB DOTS and Animal Bite center.

APMCAI is a multidisciplinary specialty medical facility that houses medical specialists who are subscribers to the capital stock of the Corporation. The markets for its shares are mostly medical specialists and individuals who are related to medical specialists and corporate investors who invested their money in the hospital.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of Asia Pacific Medical Center - Aklan Inc., although it is a prerequisite. Physicians and medical specialists who are subscribers to at least one (1) block or ten (10) shares of the capital stock, whether Founders or Common Shares, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as indicated in the Articles of Incorporation, By-Laws and Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges offered by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as maybe imposed by Asia Pacific Medical Center - Aklan Inc. pursuant to its rules and duly approved resolutions. Medical Specialists who have been granted the privilege to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

Asia Pacific Medical Center - Aklan Inc. collects from each duly admitted medical specialist a one-time “privilege to practice” fee amounting to One Hundred Fifty Thousand Pesos (Php150,000.00) plus monthly fees for maintenance and utilities used for the Clinic.

The issuer belongs to the industry which caters to the need of the public and medical, surgical and dental specialist for hospital facilities. There are no recognized trends within such an industry. The geographic area of competition is in Aklan wherein the following Hospitals are operating: Saint Gabriel Medical Center, Saint Jude Hospital, Aklan Cooperative Mission Hospital, Panay Health Care Multipurpose Cooperative Hospital and Dr. Rafael S. Tumbokon Memorial Hospital.

NAME OF HOSPITAL	ADDRESS	BED CAPACITY	CATEGORY	LEVEL OF CLASSIFICATION
Saint Gabriel Medical Center	GM Reyes Street, Kalibo, Aklan	120	Private	2
Saint Jude Hospital	F. Quimpo Street, Kalibo, Aklan	25	Private	1
Aklan Cooperative Mission Hospital	Andagao, Kalibo, Aklan	50	Private	1
Panay Health Care Multipurpose Cooperative Hospital	Estancia, Kalibo, Aklan	74	Private	2
Dr. Rafael S. Tumbokon Memorial Hospital	Mabini Street, Kalibo, Aklan	300	Public	2

The strategic location of Asia Pacific Medical Center-Aklan Inc. primarily influences the decision of the medical specialists to subscribe to the shares of stock in Asia Pacific Medical Center -Aklan Inc. Once the Doctor decides where to practice, price and quality of facility management come as the next factors. Good location, proximity to patients, reasonableness of the offer price and quality of the facilities enable Asia Pacific Medical Center-Aklan Inc. to effectively compete with its competitors within the area.

APMC-AI is primarily owned and managed by doctor specialists who have established medical practice in the locality. This unique set up is a strong strategic factor of the hospital since each doctor-owner has established patient following in their respective fields. Furthermore, the roster of local medical practitioners who have signified their commitment to the hospital is very significant.

The hospital also offers both preventive and medical treatment packages at a very competitive cost, if not lesser than the nearby hospital facilities, without compromising the quality of healthcare service it delivers to its patients. The hospital will also make sure that by following the policies of the Credentialing and Privileging Committee, the medical staff of APMC-Aklan Inc. are clinically competent and certified specialists.

Aside from these, patients will find a better ambiance with Asia Pacific Medical Center-Aklan Inc. due to its carefully planned, designed, constructed hospital building. Its advantage is not simply its newly built structure, but it also boasts of new facilities and equipment, plus the competency of its Medical Specialists.

APMCAI offers the latest technology and laboratory and imaging facilities such as MRI, CT scan, Mammogram, Echocardiography and Cardiac Catheter Laboratory . It aims to be a one-stop shop for laboratory and imaging services when it offers Bone Densitometry and Liver Elastometry soon. It also offers specialized services in Renal and Urology Center, High Risk Pregnancy and Infertility Unit, Endoscopy Center, Oncology and Transfusion Unit, Eye Center, Neuro Laboratory, Human Milk Bank and Lactation Center. Other specialized services such as the following will also be provided in the next few years, namely:

- Sleep Center
- Research Center
- Metabolic and Aesthetic Center

### **Suppliers and Major Contractors**

The main contractor of the hospital is TRASS Construction Co. Inc. which is based in Cebu City. Some of the major suppliers for this project are as follows: Interior Designer Ms. Kathleen Fritzie D. Grey, Synchronized Solutions for Electronics and Auxiliary Works, JRDM Builders Corp. for Mechanical Works, RMT for Electrical Works and 24 Inch Gauge Construction Inc. for Plumbing and Fire Protection Works.

The aforementioned contractors are suppliers of goods and services relating to the construction of the hospital building. In the course of its operations, there will be a number of reputable

manufacturers and distributors of hospital equipment, medicines, and medical supplies abroad and in the country that the Company may source its supplies depending on its needs. Initially, the following are its major suppliers of medical equipment, medical supplies and medicines:

**Major Suppliers of the Medical Equipment, Medical Supplies and Medicines.**

1. Allmed Instruments Medical System, Inc.
2. Siemens Healthcare Inc,
3. MTC Opto Medic, Inc.
4. Endure Medical, Inc.
5. Fairbright Enterprises Inc.

**Transactions with and/or Dependence on Related Parties**

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

**Advances from Shareholders**

This account represents advances made by its shareholders in support of the Company's building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. Advances from shareholders amounted to P284,394,349 as of December 31, 2024.

The Company also entered into a Memorandum of Agreement for the granting of discounts to its stockholders with the following hospitals and vice versa:

1. Asia Pacific Medical Center- Bacolod, Inc.
2. Asia Pacific Medical Center - Iloilo Inc.

The agreement ensures that individual stockholders and their dependents hospitalization and out patient care at APMC Admitting Hospitals. Eligible Parties, including the principal shareholder, their family, and natural parents, can access at affiliated medical facilities. Furthermore, medical stockholders may collaborate in admitting and managing patients at APMC Admitting Hospitals, subject to credentialing policies.

## **B. SECURITIES OF THE REGISTRANT**

### **Market Price**

Asia Pacific Medical Center-Aklan Inc. markets and offers its securities through its salaried employee/s who acts as salesmen. These organic employee/s are well aware of the mission and vision of the Hospital and are accustomed with Hospital operations. Management believes that the strategic location of the Hospital, the facilities and the services it will provide, and the people behind the Hospital, are sufficient to entice medical specialists and prospective investors to consider the offer. APMC-AI will greatly rely on these organic salesmen and the satisfied patients to spread the word about the facilities the Hospital can offer.

Asia-Pacific Medical Center - Aklan Inc. (formerly known as Allied Care Experts Medical Center - Aklan Inc.) is offering 3,542 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase relative to the completion of the Hospital and its facilities, the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The breakdown of the Offer Price is presented as follows:

	<u>Number of Blocks of Common Shares</u>	<u>Maximum Proposed Series Selling Price per block</u>
1 <sup>st</sup>	1,942 blocks	Php 250,000per block
2 <sup>nd</sup>	1,200 blocks	Php 300,000 per block
3 <sup>rd</sup>	400 blocks	Php 350,000 per block

The initial 918 blocks were sold at Php 250,000.00 per block in 2021, followed by the sale of 130 blocks in 2022 up to August in the same price. The application for the amendment to the prospectus is currently pending hence no additional shares have been sold to date. The 2nd and 3rd series will never be offered until the 1st series had been sold out. The offered shares are not listed in the Exchange and are issued over the counter only, through the Company's employees acting a salesperson as reflected in its Registration Statement hence sale is sporadic. The percentage of public ownership of the Company as of March 31, 2025 is 5.15%.

The 3,542 blocks that were offered to the public are sold primarily to Medical Specialists who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the credentials Committee and approved by the Board and Management of APMC- Aklan Inc. Other purchasers are non-medical specialists who are related to medical specialists and those who purchased the shares purely for investment purposes.

## **Holders**

There are 39 holders of Founder shares and 1063 holders of common shares of the company as of 30 April 2025.

Dr. Simeon A. Arce Jr. with spouse Maribel Arce., Brandt Luke Q. Biron and Regina Buenaflor with spouse Patrick Buenaflor are the only record and/or beneficial owner of more than 5% of any class of registrant's voting securities as of **30 April 2025**.



Class	Name/ Address of Record Owner	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding Shares
Common Founder	Arce, Simeon Jr. A./Arce Compound, 1021 Roxas Ave. Ext., Andagao, Kalibo, Aklan	Arce, Simeon A./ Record Owner is also Beneficial Owner	Filipino	6,780 20	25.30%
Common Founder	Arce, Simeon A./ Colleague	Trustors: Romeo A. Abayon/147 0 New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Ma. Ester L. Alfaro/Nalook, Kalibo, Aklan	Filipino	6,780 20	
Common Founder	Arce, Simeon A./ Colleague	Johnna G. De Jose/0918 Vizcarra Subdivision Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce,Simeon A./ Colleague	Marymil B. Dignadice/0 60 Tigayon, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Roel A. Escanillas/A ndagao Centro, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Edmundo B. Fernandez, Jr. /Rosal St., Phase II, Alta Tierra Village, Jaro, Iloilo City	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Josefa Roberta A. Magallanes/ 1141 New Buswang, Kalibo, Aklan	Filipino	3,390 10	



Common Founder	Arce, Simeon A./ Colleague	Harriet A. Navarro/11 80 A New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Ester F. Palma/277 Magdalena Village, New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Pauleen M. Sazon/Marianos, Numancia, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Peter Myron Jun O. Torres/Vizcarra Subd., Kalibo, Aklan	Filipino	3,390 10	
<b>TOTAL Common Founder</b>				47,460 140	
Common Founder	Arce, Maribel / Arce Compound, 1021 Roxas Ave. Ext., Andagao, Kalibo, Aklan	Arce, Maribel J./ Record Owner is also Beneficial Owner	Filipino	6,780 20	
Common Founder	Biron, Brandt Luke Q./ 82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City	Biron, Brandt Luke Q./ Record Owner is also Beneficial Owner	Filipino	15,390 10	7.16%
Common Founder	Buenaflor, Patrick Dexter M./ Sitio San Antonio,Mangan, Banga, Aklan	Buenaflor, Patrick Dexter M./ Record Owner is also Beneficial Owner	Filipino	10,170 30	7.90%
	Buenaflor, Regina R./Sitio San Antonio, Mangan,Banga, Aklan	Buenaflor, Regina R./ Record Owner is also Beneficial Owner	Filipino	6,780 20	

The following founders are the top 20 stockholders of record and/or beneficial owners as of December 31, 2024:

Class	Name/ Address of Record Owner	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	Number of Shares Held	(%) Total Outstanding Shares
Common Founder	Arce, Simeon Jr. A./Arce Compound, 1021 Roxas Ave. Ext., Andagao, Kalibo, Aklan	Arce, Simeon A./ Record Owner is also Beneficial Owner	Filipino	6,780 20	25.30%
Common Founder	Arce, Simeon A./ Colleague	Trustors:  Romeo A. Abayon/147 0 New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Ma. Ester L. Alfaro/Nalook, Kalibo, Aklan	Filipino	6,780 20	
Common Founder	Arce, Simeon A./ Colleague	Johnna G. De Jose/0918 Vizcarra Subdivision Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Marymil B. Dignadice/0 60 Tigayon, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Roel A. Escanillas/Andagao Centro, Kalibo, Aklan	Filipino	3,390 10	



Common Founder	Arce, Simeon A./ Colleague	Edmundo B. Fernandez, Jr. /Rosal St., Phase II, Alta Tierra Village, Jaro, Iloilo City	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Josefa Roberta A. Magallanes/ 1141 New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Harriet A. Navarro/11 80 A New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Ester F. Palma/277 Magdalena Village, New Buswang, Kalibo, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Pauleen M. Sazon/Mari anos, Numancia, Aklan	Filipino	3,390 10	
Common Founder	Arce, Simeon A./ Colleague	Peter Myron Jun O. Torres/Vizcarra Subd., Kalibo, Aklan	Filipino	3,390 10	
<b>TOTAL</b>					
Common Founder				47,460 140	



Common Founder	Arce, Maribel J./Arce Compound, 1021 Roxas Ave. Ext., Andagao, Kalibo, Aklan	Arce, Maribel J./ Record Owner is also Beneficial Owner	Filipino	6,780 20	
Common Founder	Biron, Brandt Luke Q./ 82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City	Biron, Brandt Luke Q./ Record Owner is also Beneficial Owner	Filipino	15,390 10	7.16%
Common Founder	Biron, Ferjenel G./ 82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City	Biron, Ferjenel G./ Record Owner is also Beneficial Owner	Filipino	10,120 80	4.74%
Common Founder	Buenaflor, Patrick Dexter M./ Sitio San Antonio, Mangan, Banga, Aklan	Buenaflor, Patrick Dexter M./ Record Owner is also Beneficial Owner	Filipino	10,170 30	4.74%
Common Founder	Perez, Claire B./ 0248 Acevedo St., Kalibo, Aklan	Perez, Claire B./ Record Owner is also Beneficial Owner	Filipino	10,170 30	4.74%
Common Founder	Arce, Maribel J./ Arce Compound, 1021 Roxas Ave. Ext., Andagao, Kalibo, Aklan	Arce, Maribel J./ Record Owner is also Beneficial Owner	Filipino	6,780 20	3.16%
Common Founder	Buenaflor, Regina R./ Sitio San Antonio, Mangan, Banga, Aklan	Buenaflor, Regina R./ Record Owner is also Beneficial Owner	Filipino	6,780 20	3.16%



Common Founder	Daulo- Lavilla, Meride/Lot 11 Block 6 Phase I, Pasacao St., Puerto Real Subd., Lapaz, Iloilo City	Daulo-Lavilla, Meride/ Record Owner is also Beneficial Owner	Filipino	6,790 10	3.16%
Common Founder	Isidro, Jessore I./#33 Maple Road Mckinley Hill Village, Taguig NCR Fourth District	Isidro, Jessore I./Record Owner is also Beneficial Owner	Filipino	6,780 20	3.16%
Common Founder	Biron, Braeden John Q./ 82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City	Biron, Braeden John Q./ Record Owner is also Beneficial Owner	Filipino	4,190 10	1.95%
Common Founder	Biron, Bryant Paul Q./ 82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City	Biron, Bryant Paul Q./ Record Owner is also Beneficial Owner	Filipino	4,190 10	1.95%
Common Founder	Abril, Joanne B./ 731 Pook Interior, Kalibo, Aklan	Abril, Joanne B./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%



Common Founder	Ardeña, Gregory Joseph Ryan A. / #78 Villa Ester Subd., New Buswang, Kalibo, Aklan	Ardeña, Gregory Joseph Ryan A. / Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Quintana-Bartolome, Delphine Joanne C. / 299 J. Isberto Rd., Tigayon, Kalibo, Aklan	Quintana-Bartolome, Delphine Joanne C. / Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Conanan-Morato, Marsha Lourdes P. / Hacienda Caridad Subdivision, Tigayon, Kalibo, Aklan	Conanan-Morato, Marsha Lourdes P. / Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%



Common Founder	Dignadice, Marymil B./ 060 Tigayon, Kalibo, Aklan	Dignadice, Marymil B./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Debuque, Eileen May B./ Osmeña Avenue, Tigayon, Kalibo, Aklan	Debuque, Eileen May B./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Francisco, Nikki James C./ #214 Querico Romero Rd. Linabuan Norte, Kalibo, Aklan	Francisco, Nikki James C./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Icamina, Mary Karen Veronica R./ Archbishop Reyes St. Kalibo, Aklan	Icamina, Mary Karen Veronica R./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%
Common Founder	Torres, Peter Myron Jun O./ Vizcarra Subd., Kalibo, Aklan	Torres, Peter Myron Jun O./ Record Owner is also Beneficial Owner	Filipino	3,390 10	1.58%

## **RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES**

The sale of the shares has been temporarily halted in August 2022 due to the pendency of the amendment of the prospectus.

The shares are sold on a fixed price per tranche and the last block of shares were sold at PhP 250,000.00 per block.

The Company has no recent sale of unregistered or exempt securities. Neither was there a recent issuance of securities constituting an exempt transaction.

## **C. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) or PLAN OF OPERATION AS OF 31 MARCH 2025**

### **Plan of Operation**

The operation of the Hospital officially commenced on December 8, 2023.

The financial requirements of the corporation during the next twelve (12) months stem from few minor interior and exterior finishes and touch ups, procurement of additional hospital equipment and training and/or continuing education for the Board of Directors, Management, medical and paramedical staff and other employees, salaries, benefits and wages and other costs of operation.

The current financial position depends on the infusion of capital from the remaining shares from IPO and the loan facility granted by Development Bank of the Philippines. Due to the rising costs associated with running the operation, the Company must maximize all means to market and sell offered shares to the public. Aside from the active selling of shares, the Company will use social media to encourage the public to invest in the hospital without prejudice to compliance with the provisions of the Securities and Regulation Commission regarding the marketing of the said shares.

At present the Company has seven hundred forty-five (745) employees and there is no expected increase of employees in the next twelve (12) months as the present number exceeds the present requirement of the hospital.

It cannot be determined whether additional employees will be hired for the succeeding but the same will be closely aligned with the Company's actual and programmed growth.

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

### Results of Operations

Results of Operations				
	31-Mar-25	31-Dec-24	31-Dec-23	31-Dec-22
GROSS REVENUES	280,127,259	780,354,111	9,623,184	
DISCOUNTS AND FREE SERVICES	(37,768,529)	(111,322,951)	(211,533)	
NET REVENUES	242,358,730	669,031,160	9,411,651	
COST OF SERVICES	(107,688,982)	(495,527,057)	(26,911,718)	
GROSS PROFIT (LOSS)	134,669,748	173,504,103	(17,500,067)	
GENERAL AND ADMINISTRATIVE EXPENSES	(81,747,964)	(153,760,156)	(119,818,535)	(17,507,127)
OTHER INCOME	3,314,392	6,508,831	311,577	74,764
LOSS FROM OPERATIONS	56,246,176	26,252,778	(137,007,025)	(17,432,363)
FINANCE COSTS	(7,030,769)	(27,815,643)	(17,414,705)	
LOSS BEFORE INCOME TAX	49,215,407	(1,562,865)	(154,421,730)	(17,432,363)
PROVISION FOR INCOME TAX		128,502		
Total Comprehensive Income (Loss) for the period	49,215,407	(P1,691,367)	(154,421,730)	(17,432,363)

## Statement of Financial Condition

ASSETS	31-Mar-25	31-Dec-24	31-Dec-23	31-Dec-22
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	65,823,332	63,113,477	68,015,19	59,719,045
Receivables	124,614,509	92,779,952	2,656,675	48,000
Inventories	19,089,796	19,089,796	16,608,85	
Advances to Contractors	29,959,433	30,038,406	172,873,123	109,697,409
Advances to Suppliers	13,001			
Prepayments and other current assets	24,830,315	14,742,924	72,151,88	42,025,35
	264,330,386	219,764,555	<b>332,305,726</b>	<b>211,489,807</b>
<b>NON-CURRENT ASSETS</b>				
Property and Equipment	1,962,660,050	1,926,311,050	1,605,514,142	796,944,842
Deposits	<b>2,517,314</b>	<b>2,517,314</b>	<b>2,517,314</b>	
	<b>1,965,177,364</b>	<b>1,928,828,364</b>	<b>1,608,031,456</b>	<b>796,944,842</b>
<b>TOTAL ASSETS</b>	<b>2,229,507,750</b>	<b>2,148,592,919</b>	<b>1,940,337,18</b>	<b>1,008,434,649</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	161,567,646	148,270,100	138,755,315	4,676,098
Retention Payable	46,052,451	50,032,254	58,059,427	37,368,844
Advances from Shareholders	306,777,102	284,394,349	186,506,357	36,993,090
Loans Payable - current	<b>41,068,815</b>	<b>41,068,815</b>	84,616,725	0
	555,466,014	523,765,518	<b>467,937,824</b>	<b>79,038,032</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable - non current	<b>1,400,331,881</b>	<b>1,400,331,881</b>	1,253,783,971	585,000,000
	<b>1,400,331,881</b>	<b>1,400,331,881</b>	<b>1,253,783,971</b>	<b>585,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>1,955,797,895</b>	<b>1,924,097,399</b>	<b>1,721,721,795</b>	<b>664,038,032</b>
<b>EQUITY</b>				
Share Capital	215,060,000	215,060,000	215,060,000	215,060,000
Additional paid-in capital	236,429,500	236,429,500	228,858,000	200,217,500
Deficit	<b>(177,779,645)</b>	<b>(226,993,980)</b>	(225,302,613)	(70,880,883)
<b>TOTAL EQUITY</b>	<b>273,709,855</b>	<b>224,495,520</b>	<b>218,615,387</b>	<b>344,396,617</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,229,507,750</b>	<b>P2,148,592,919</b>	<b>1,940,337,182</b>	<b>1,008,434,649</b>

## Results of Operation Comparative for March 31, 2025 as compared to March 31, 2024

			Horizontal Analysis		Vertical Analysis	
	March 31, 2025	March 31, 2024	Inc.(Dec.)	%	March 31, 2025	March 31, 2024
GROSS REVENUES	280,127,259	94,661,667.79	185,465,591	196%	100%	100%
DISCOUNTS AND FREE SERVICES	(37,768,529)	(9,672,469.90)	(28,096,059)	290%	-13%	-10%
NET REVENUES	242,358,730	84,989,197.89	157,369,532	185%	87%	90%
COST OF SERVICES	(107,688,982)	(83,617,116.31)	(24,071,865)	29%	-38%	-88%
GROSS PROFIT (LOSS)	134,669,748	1,372,081.58	133,297,667	9715%	48%	1%
GENERAL AND ADMINISTRATIVE EXPENSES	(81,747,964)	(21,221,580.12)	(60,516,384)	285%	-29%	-22%
OTHER INCOME	3,314,392	1,394,372.79	1,920,019	138%	1%	1%
LOSS FROM OPERATIONS	56,246,176	(18,455,125.75)	74,701,302	-405%	20%	-19%
FINANCE COSTS	(7,030,769)	(8,949,908.86)	1,919,139	-21%	-3%	-9%
LOSS BEFORE INCOME TAX	49,215,407	(27,405,034.61)	76,620,441	280%	18%	-29%
PROVISION FOR INCOME TAX				n/a	0%	0%
Net Income (Loss)	49,215,407	(27,405,034.61)	76,620,441	280%	18%	-29%

### Revenue

For the quarter ended March 31, 2025, gross revenue increased by ₱185.47 million or 196%, from ₱94.66 million to ₱280.13 million for the same period in 2024. The growth reflects expanded service offerings and increased patient volume across in-patient, out-patient, pharmacy, leasing, and canteen services.

### Discounts and Free Services

Discounts increased significantly by ₱28.10 million, representing a 290% surge from ₱9.67 million to ₱37.77 million. This substantial growth corresponds with the increase in revenue and is attributed to the ongoing implementation of the hospital's charity care initiatives, insurance agreements, and promotional strategies.

### Net Revenues

An increase of ₱157.37 million, or 185%, was observed in net revenues, rising from ₱84.99 million to ₱242.36 million. This surge is attributable to an expansion of patient services, despite the elevated volume of discounts provided.

### Cost of Services

The cost of services exhibited an increase of ₱24.07 million, representing a 29% rise from ₱83.62 million to ₱107.69 million. The comparatively subdued growth rate relative to revenue indicates enhanced cost efficiency and optimized resource utilization during the first quarter of 2025.

## **Gross Profit**

The gross profit demonstrated a substantial increase of ₱133.30 million, equivalent to 9,715%, rising from ₱1.37 million to ₱134.67 million. This significant surge in gross profit is indicative of robust revenue growth and enhanced resource utilization. During the first quarter of 2024, operational activities were in their nascent stage, resulting in restricted service provisions and reduced patient volume. Conversely, by the first quarter of 2025, with the hospital achieving full operational status, both service capacity and operational efficiency were significantly improved, leading to a marked increase in net revenue while maintaining relatively stable cost increments.

## **General and Administrative Expenses**

General and Administrative expenses experienced a substantial increase of ₱60.52 million, representing a 285% rise from ₱21.22 million to ₱81.75 million. This augmentation is attributed to several factors, including the expansion of staff, the comprehensive implementation of administrative functions, and the depreciation of hospital equipment and facilities.

## **Other Income**

Other income demonstrated a substantial increase of ₱1.92 million, representing a 138% growth. This rise is attributed to the augmentation of incidental income streams, encompassing rental revenue, interest income, gains realized from asset disposals, and rebates.

## **Finance Cost**

Finance expenses exhibited a modest reduction of ₱1.92 million, equivalent to a 21% decrease, transitioning from ₱8.95 million to ₱7.03 million. This fluctuation can be attributed to reduction in interest-bearing obligations or improved credit terms during the period.

## **Income for the Year**

For the quarter ended March 31, 2025, Asia Pacific Medical Center - Aklan Inc. reported a net income of ₱49,215,407 marking a significant turnaround from the net loss of ₱27,405,034.61 incurred during the same period in 2024. The substantial increase in revenues—particularly from in-patient and out-patient services—contributed significantly to offsetting operating expenses and achieving profitability.

*Results of operations comparative for December 31, 2024 vs December 31, 2023*

	For the year ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-2024	31-Dec-2023	Inc. (Dec.)	%	31-Dec-2024	31-Dec-2023
GROSS REVENUES	₱780,354,111	₱9,623,184	₱770,730,927	8009%	100%	100%
DISCOUNTS AND FREE SERVICES	-₱111,322,951	-₱211,533	-₱111,111,418	52527%	-14%	-2%
NET REVENUES	₱669,031,160	₱9,411,651	₱659,619,509	7009%	86%	98%
COST OF SERVICES	-₱495,527,057	-₱26,911,718	-₱468,615,339	1741%	-64%	-280%
GROSS PROFIT (LOSS)	₱173,504,103	-₱17,500,067	₱191,004,170	-1091%	22%	-182%
GENERAL AND ADMINISTRATIVE EXPENSES	-₱153,760,156	-₱119,818,535	-₱33,941,621	28%	-20%	-1245%
OTHER INCOME	₱6,508,831	₱311,577	₱6,197,254	1989%	1%	3%
LOSS FROM OPERATIONS	₱26,252,778	-₱137,007,025	₱163,259,803	-119%	3%	-1424%
FINANCE COSTS	-₱27,815,643	-₱17,414,705	-₱10,400,938	60%	-4%	-181%
LOSS BEFORE INCOME TAX	-₱1,562,865	-₱154,421,730	₱152,858,865	-99%	-0.20%	-1605%
PROVISION FOR INCOME TAX	₱128,502		₱128,502		0.02%	
NET LOSS	-₱1,691,367	-₱154,421,730	₱152,730,363	-99%	-0.22%	-1605%

## Revenue

Gross revenues for the year ended December 31, 2024, surged to ₱780,354,111 from ₱9,623,184 in 2023, reflecting the hospital's first full year of operations following its opening on December 8, 2023. The 2023 figure reflects only a few weeks of activity. The significant increase was driven by expanded operations and increased patient volume.

## Discounts and Free Services

Discounts and free services rose dramatically from ₱211,533 in 2023 to ₱111,322,951 in 2024. This 52,527% increase is attributed to aggressive promotional strategies and service accessibility initiatives during the hospital's ramp-up phase. While supporting patient engagement, this heavily impacted net revenues.

## Net Revenues

Net revenues increased substantially by ₱659,619,509 or 7,009%, from ₱9,411,651 in 2023 to ₱669,031,160 in 2024. The hospital achieved a significant revenue increase due to improved capacity utilization and expanded services, offsetting the negative impact of high discounts.

## Cost of Services

The cost of services grew by ₱468,615,339 or 1,741%, reaching ₱495,527,057 in 2024 compared to ₱26,911,718 in 2023. The increase is linked to full-scale operations, higher patient volume, staffing costs, medical supplies, and utility consumption. As a percentage of net revenues, cost of services accounted for 64% in 2024, a drastic improvement from 280% in 2023, indicating greater operational efficiency as the business scaled.

## **Gross Profit**

As a result of strong revenue growth despite rising costs, the company reversed its gross loss of ₱17,500,067 in 2023 and achieved a gross profit of ₱173,504,103 in 2024. This shift represents an improvement of ₱191 million and reflects enhanced productivity and patient servicing capacity. Gross profit margin improved to 22% of net revenues, up from -182% in the previous year.

## **General and Administrative Expenses**

General and administrative (G&A) expenses increased by ₱33,941,621 or 28%, from ₱119,818,535 in 2023 to ₱153,760,156 in 2024. The rise is attributed to expanded staffing, administrative systems, and other overhead associated with the hospital's first full year of operations. G&A expenses constituted a significantly reduced proportion of revenue in 2024, accounting for only 23%, in contrast to the previous year's 1,273%. This indicates improved operational efficiency concurrent with growth.

## **Net Loss**

Despite increased gross profit, a substantial operating loss of ₱26,252,778 was incurred due to heightened General and Administrative expenses. This figure reflects a significant improvement of ₱110.75 million, or 81%, compared to the ₱137,007,025 operating loss recorded in 2023. Consequently, the operating loss margin markedly decreased from -1,424% to -4% of net revenues, signifying a favorable trend towards financial stability.

The loss was minimized after a full year of operations in 2024 due to several key improvements in the hospital's performance. Increased patient volume and service utilization drove higher revenues, while operational workflows became more efficient following the initial launch phase in late 2023. Despite the rise in discounts and cost of services, the hospital achieved better resource allocation and cost management, resulting in a significantly improved gross profit. General and administrative expenses, though higher in amount, represented a smaller share of revenues, indicating enhanced scalability. Additionally, the growth in other income sources provided further support to offset expenses. These combined factors contributed to the significant reduction in net loss, marking steady progress toward financial stability. Further measures are being undertaken in 2025—including tighter cost controls, revenue optimization strategies, and efficiency improvements—with the goal of turning the company's operations profitable within the year.

*Results of operations comparative for December 31, 2023 as compared to December 31, 2022*

For the year ended			Horizontal Analysis		Vertical Analysis	
	31-Dec-23	31-Dec-22	Inc. (Dec.)	%	2023	2022
Revenue	9,623,184		9,623,184	n/a	100.00%	n/a
Discount and Free Services	(211,533)		(211,533)	n/a	-2.20%	
Net Revenues	9,411,651		9,411,651	n/a	97.80%	
Cost of Services	(26,911,718)		(26,911,718)	n/a	-279.66%	n/a
Loss	(17,500,067)		(17,500,067)	n/a	-181.85%	n/a
General & Administrative Expenses	(119,818,535)	(17,507,127)	(102,311,408)	584.40%	-1245.10%	n/a
Other Income	311,577	74,764	236,813	316.75%	3.24%	n/a
Loss	(137,007,025)	(17,432,363)	(119,574,662)	685.93%	-1423.72%	
Finance Cost	(17,414,705)		(17,414,705)		-180.97%	n/a
Loss Before Income Tax	(154,421,730)	(17,432,363)	(136,989,367)	785.83%	-1604.68%	n/a
Provision for Income Tax			0		0.00%	n/a
Net Loss	(154,421,730)	(17,432,363)	(136,989,367)	785.83%	-1604.68%	n/a

## Revenue

The hospital commenced operations last December 8, 2023, and has since generated revenue totaling P 8,177,522 from both in-patient, out-patient services, leasing and canteen services, along with an additional P 1,445,662 from pharmacy sales.

## General and Administrative Expenses

General and Administrative Expenses increased by 584% during the year. This is comparing the ending balances of 2023 and 2022. During the year, there is a significant increase in salaries and wages by 737% while SSS, Philhealth and HDMF Contribution increased by 17,412%.

## Loss for the Year

Losses are incurred because the hospital has just started its operation On December 8, 2023. The expenses incurred are more than the meager income earned by the company out of its income from In-patient and out patient services. The loss during the period ended December 31, 2023 was higher by 785% compared to December 31, 2022.

*Results of operations comparative for December 31, 2022 as compared to December 31, 2021*

			Horizont al Analysis		Vertical Analysis	
	31-Dec-22	31-Dec-21	Inc. (Dec.)	%	2022	2021
Revenue			0	n/a	n/a	n/a
Discount and Free Services			0	n/a	n/a	
Net Revenues			0	n/a	n/a	
Cost of Services			0	n/a	n/a	n/a
Loss			0	n/a	n/a	n/a
General & Administrative Expenses	(17,507,127)	(24,642,317)	(7,135,190)	-29. %	n/a	n/a
Other Income	74,764	24,357	50,407	207%	n/a	n/a
Loss	(17,432,363)	(24,617,960)	7,185,597	-29%	n/a	
Finance Cost			0		n/a	n/a
Loss Before Income Tax	(17,432,363)	(24,617,960)	7,185,597	-29. %	n/a	n/a
Provision for Income Tax			0		n/a	n/a
Net Loss	(17,432,363)	(24,617,960)	7,185,597	-29%	n/a	n/a

### Other Income

Other income during the period December 31, 2022 is higher than December 31, 2021 at 207%. What is currently being recorded as income is mostly interest income earned from bank deposits. During the year, we reflected a total of P74,764 other income, which is 207% higher than what was reported last year amounting to P24,357. This was mainly due to the funds that we parked in our bank accounts during the year.

### General and Administrative Expenses

General and Administrative Expenses decreased by 29% during the year. This is comparing the ending balances of 2022 and 2021.

### Loss for the Period

Loss for the period December 31, 2022 is lower than in the same period December 31, 2021 by 29%. This is due to the non-operational status of the Company. There is still no income to sustain the expenses.

## Material Changes from Period to Period with analyses of any material item (5%)

### Changes in Financial Condition for March 31, 2025 as compared to March 31, 2024

ASSETS	31-Mar-25	31-Mar-24	Difference	Rate Change
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	65,823,332	94,844,946	(29,021,614)	-31%
Receivables	124,614,509	29,093,609	95,520,900	328%
Inventories	19,089,796	14,187,852	4,901,944	35%
Advances to Contractors	29,959,433	181,563,961	(151,604,528)	-83%
Advances to Suppliers	13,001		13,001	n/a
Prepayments and other current assets	24,830,315	81,024,516	(56,194,201)	-69%
	264,330,386	400,714,884	(136,384,498)	-34%
<b>NON-CURRENT ASSETS</b>				
Property and Equipment	1,962,660,050	1,652,009,641	310,650,409	19%
Deposits	2,517,314	2,517,314	0	n/a
	1,965,177,364	1,654,526,955	310,650,409	19%
<b>TOTAL ASSETS</b>	2,229,507,750	2,055,241,839	174,265,911	8%
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts and other payables	161,566,575	185,145,104	(23,578,529)	-13%
Retention Payable	46,052,451	48,196,599	(2,144,148)	-4%
Advances from Shareholders	306,777,102	184,983,588	121,793,514	66%
Loans Payable - current	41,068,815	94,885,058	(53,816,243)	-57%
	555,464,942	513,210,349	42,254,593	8%
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable - non current	1,400,331,881	1,346,515,638	53,816,243	4%
	1,400,331,881	1,346,515,638	53,816,243	4%
<b>TOTAL LIABILITIES</b>	1,955,796,823	1,859,725,987	96,070,836	5%
<b>EQUITY</b>				
Share Capital	215,060,000	215,060,000	0	
Additional paid-in capital	236,429,500	233,163,500	3,266,000	1%
Deficit	(177,778,573)	(252,707,648)	74,929,075	-30%
<b>TOTAL EQUITY</b>	273,710,927	195,515,852	78,195,075	40%
<b>TOTAL LIABILITIES AND EQUITY</b>	2,229,507,750	2,055,241,839	174,265,911	8%

## Statements of Financial Position

For the months ended March 31, 2025 and 2024

### 1. Cash and Cash Equivalents

The cash balance decreased by ₱29.02 million or 31%, primarily attributable to elevated operational and capital expenditures, despite an increase in revenues. This indicates a strategic emphasis on expansion initiatives and settlement of financial obligations. Furthermore, the decline is directly associated with the growth in uncollected receivables, as a substantial portion of the company's sales and services were extended on credit, thereby constraining available cash resources.

### 2. Receivables

For the quarter ended March 31, 2025, receivables increased by ₱95.52 million or 328% for the same period in 2024, reflecting a significant rise in billed but uncollected revenues from patient services. This increase is primarily attributable to higher patient volume and delays in collections from PhilHealth, health insurance providers, and health maintenance organizations (HMOs).

### 3. Inventories

For the quarter ended March 31, 2025, inventory increased by ₱4.09 million or 29% compared to the same period in 2024. This increase was primarily driven by stockpiling of medical supplies and pharmaceuticals to support the growing patient load and to ensure preparedness for sustained operations.

### 4. Advances to Contractors

For the quarter ended March 31, 2025, Advances to contractors decreased by ₱151.60 million or 83% compared to the same period in 2024. This significant decline indicates the near-completion of major infrastructure or construction-related projects during the period.

### 5. Prepayment and Other Current Assets

For the quarter ended March 31, 2025, Prepayments and other current assets decreased by ₱56.19 million or 69% compared to the same period in 2024. The decrease is attributable to the amortization of previously recorded prepaid expenses.

### 6. Property and Equipment

The increase in property, plant, and equipment of 19% as of March 31, 2025 was due to the increase in construction in progress and additional equipment purchased for the period.

### 7. Accounts and Other Payables

The accounts payable account is composed mostly of accounts payables, government liabilities and other payables. The balance of the account as of March 31, 2025 amounts to P161M which is 13% less than what was on March 31, 2024.

#### 8. Retention Payable

For the quarter ended March 31, 2025, Retention payable decreased by ₱2.14 million or 4% compared to the same period in 2024. This slight decrease is due to the release of retention funds following project completion. Retention payable refers to the amount withheld from the contractor's periodic progress billings, as stipulated in their contract, and is released upon full completion and final acceptance of the project by the Company, net of any applicable deductions.

#### 9. Advances from Shareholders

For the quarter ended March 31, 2025, Advances from shareholders increased by ₱121.79 million or 66% compared to the same period in 2024. This increase indicates shareholder support through additional funding, intended to sustain operations and finance ongoing investments.

#### 10. Loans Payable

For the quarter ended March 31, 2025, loans payable increased by ₱53.82 million or 4% compared to the same period in 2024. This is attributed to additional long-term borrowings made after the first quarter of 2024, as the Company secured loans to finance capital projects and to increase working capital in response to rising operational costs or patient volumes

#### 11. Deficit

The deficit as of March 31, 2025, decreased by 30% as a result of the company's improved financial performance, primarily driven by increased revenue generation. This positive outcome contributed significantly to the reduction of the accumulated deficit and reflects the company's progress toward achieving greater financial stability.

*Changes in Financial Condition for December 31, 2024 as compared to December 31, 2023*

ASSETS	December 2024	December 2023	Difference	Rate Change
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	63,113,477	68,015,190	-4,901,713	-7%
Receivables	92,779,952	2,656,675	90,123,277	3392%
Inventories	19,089,796	16,608,851	₱2,480,945	15%
Advances to Contractors	30,038,406	172,873,123	-142,834,717	-83%
Prepayments and other current assets	14,742,924	72,151,887	-57,408,963	-80%
	219,764,555	332,305,726	-112,541,171	-34%
<b>NON-CURRENT ASSETS</b>				
Property and Equipment	1,926,311,050	1,605,514,142	320,796,908	20%
Deposits	2,517,314	2,517,314	0	0%
	1,928,828,364	1,608,031,456	320,796,908	20%
<b>TOTAL ASSETS</b>	2,148,592,919	1,940,337,182	208,255,737	11%
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	148,270,100	138,755,315	9,514,785	7%
Retention Payable	50,032,254	58,059,427	-8,027,173	-14%
Advances from Shareholders	284,394,349	186,506,357	97,887,992	52%
Loans Payable - current	41,068,815	84,616,725	-43,547,910	-51%
	523,765,518	467,937,824	55,827,694	12%
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable - non current	1,400,331,881	1,253,783,971	146,547,910	12%
	1,400,331,881	1,253,783,971	146,547,910	12%
<b>TOTAL LIABILITIES</b>	1,924,097,399	1,721,721,795	202,375,604	12%
<b>EQUITY</b>				
Share Capital	215,060,000	215,060,000	0	0%
Additional paid-in capital	236,429,500	228,858,000	7,571,500	3%
Deficit	-226,993,980	-225,302,613	-1,691,367	1%
<b>TOTAL EQUITY</b>	224,495,520	218,615,387	5,880,133	3%
<b>TOTAL LIABILITIES AND EQUITY</b>	2,148,592,919	1,940,337,182	208,255,737	11%

## Statements of Financial Position

For the months ended December 31, 2024 and 2023

### 1. Cash and Cash Equivalents

The cash balance decreased by ₱4.90 million or 7%, primarily attributable to increased expenditures on operations and capital investments. Despite steady revenue streams, the decline highlights the company's commitment to ongoing expansion projects and financial obligations. This decrease also reflects higher credit sales, limiting available cash due to delays in collections.

### 2. Receivables

As of December 31, 2024, receivables surged by ₱90.12 million or 3392% compared to the same period in 2023. The significant increase reflects a sharp rise in patient-related services extended on credit. This was largely driven by increased patient volume and collection delays from PhilHealth, insurance partners, and health maintenance organizations (HMOs).

### 3. Inventories

Inventories increased by ₱2.48 million or 15% as of December 31, 2024 compared to 2023. The rise is attributed to the strategic procurement of medical supplies and pharmaceuticals to ensure service continuity and respond to higher patient volumes.

### 4. Advances to Contractors

Advances to contractors declined by ₱142.83 million or 83% compared to December 31, 2023. This substantial drop signals the near-completion of ongoing construction and infrastructure projects, particularly those initiated in previous years.

### 5. Prepayments and Other Current Assets

Prepayments and other current assets decreased by ₱57.41 million or 80% in 2024, as prior-year prepaid expenses were amortized. This improved alignment of actual expenses with budgeted costs and more efficient allocation of prepaid items.

### 6. Property and Equipment

Property and equipment increased by ₱320.80 million or 20% in 2024. The rise was mainly due to continued investments in construction and the acquisition of additional equipment to support hospital operations, increase capacity, and improve patient services.

### 7. Accounts Payable

Accounts payable increased by ₱9.51 million or 7%, rising to ₱148.27 million in 2024. The increase is attributed to ongoing procurement and service contracts, including payments due to suppliers, government liabilities, and other accrued expenses.

### 8. Retention Payable

Retention payable decreased by ₱8.03 million or 14% compared to the previous year. The decline reflects the release of funds held back from contractors following the completion and acceptance of infrastructure projects.

#### 9. Advances from Shareholders

Advances from shareholders rose by ₱97.89 million or 52%, indicating strong continued support from shareholders to fund operations, capital investments, and working capital needs. This reflects confidence in the company's long-term prospects.

#### 10. Loans Payable - Current

The current portion of loans payable declined by ₱43.45 million or 51% as of December 31, 2024. This decrease is due to settlement of maturing debts during the year.

#### 11. Loans Payable - Non-Current

Non-current loans payable increased by ₱146.55 million or 12%, reflecting new long-term borrowings. These were obtained to finance capital expenditures and expansion projects, signaling a focus on growth and infrastructure.

#### 12. Deficit

For the quarter ended March 31, 2025, the deficit increased by ₱1.69 million or 1%, from ₱225.30 million to ₱226.99 million compared to the same period in 2024. The increase reflects that operational losses, although narrower than before, continued to add to the accumulated deficit. Meanwhile, the growth in equity capital indicates improved investor confidence.

Changes in Financial Condition for December 31, 2023 as compared to December 31, 2022

ASSETS	December 2023	December 2022	Difference	Rate Change
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	68,015,190	59,719,045	8,296,145	13.89%
Receivables	2,656,675	48,000	2,608,675	5434.74%
Inventories	16,608,851		16,608,851	
Advances to Contractors	172,873,123	109,697,409	63,175,714	57.59%
Prepayments and other current assets	72,151,887	42,025,353	30,126,534	71.69%
	<b>332,305,726</b>	<b>211,489,807</b>	<b>120,815,919</b>	<b>57.13%</b>
<b>NON-CURRENT ASSETS</b>				
Property and Equipment	1,605,514,142	796,944,842	808,569,300	101.46%
Deposits	2,517,314		2,517,314	
	<b>1,608,031,456</b>	<b>796,944,842</b>	<b>811,086,614</b>	<b>101.77%</b>
<b>TOTAL ASSETS</b>	<b>1,940,337,182</b>	<b>1,008,434,649</b>	<b>931,902,533</b>	<b>92.41%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	138,755,315	4,676,098	134,079,217	2867.33%
Retention Payable	58,059,427	37,368,844	20,690,583	55.37%
Advances from Shareholders	186,506,357	36,993,090	149,513,267	404.17%
Loans Payable - current	84,616,725	0	84,616,725	
	<b>467,937,824</b>	<b>79,038,032</b>	<b>388,899,792</b>	<b>492.04%</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable - non current	1,253,783,971	585,000,000	668,783,971	114.32%
	<b>1,253,783,971</b>	<b>585,000,000</b>	<b>668,783,971</b>	<b>114.32%</b>
<b>TOTAL LIABILITIES</b>	<b>1,721,721,795</b>	<b>664,038,032</b>	<b>1,057,683,763</b>	<b>159.28%</b>
<b>EQUITY</b>				
Share Capital	215,060,000	215,060,000	0	0.00%
Additional paid-in capital	228,858,000	200,217,500	28,640,500	14.30%
Deficit	(225,302,613)	(70,880,883)	(154,421,730)	217.86%
<b>TOTAL EQUITY</b>	<b>218,615,387</b>	<b>344,396,617</b>	<b>(125,781,230)</b>	<b>-36.52%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,940,337,182</b>	<b>1,008,434,649</b>	<b>931,902,533</b>	<b>92.41%</b>

## **Total Assets**

Total assets increased from P1.008 billion to P1.940 billion, a 92% increase from December 31, 2022 to December 31, 2023. The increase was primarily due to an increase in Property and Equipment, and inventories of pharmaceutical laboratory and hospital supplies.

Cash and cash equivalents

Cash and cash equivalents increased by P 8M or equivalent to 14%

## **Property and equipment**

Property and equipment amounted to P1.605 billion as of December 31, 2023, which consists mainly of the land, construction in progress of the hospital building and hospital equipment, respectively.

## **Total Liabilities**

Total liabilities increased by P1.057 billion from December 31, 2022 to December 31, 2023. The increase was primarily due to bank loans from the Development Bank of the Philippines.

## **Current Liabilities**

The increase in current liabilities by P388 million was mainly due to an increase in Furnitures and Machineries Equipment purchased for hospital operational use.

## **Equity**

The 37% decrease in total equity was due to a deficit during the year.

Changes in Financial Condition for December 31, 2022 as compared to December 31, 2021

ASSETS	December 2022	December 2021	Difference	Rate Change
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	59,719,045	85,619,715	(25,900,670)	-30%
Receivables	151,706,492	48,000	151,658,492	315955%
Prepaid Tax	64,270			
	<b>211,425,537</b>	<b>85,667,715</b>	<b>125,757,822</b>	<b>21%</b>
<b>NON-CURRENT ASSETS</b>				
Land	94,096,485	94,096,485	0	0%
Construction in Progress	702,384,661	409,611,040	292,773,621	71%
Furniture, Fixtures & Equipment -net	462,728	341,441	121,287	36%
Leasehold Improvements	968	12,590	(11,622)	-92%
	<b>796,944,842</b>	<b>504,061,556</b>	<b>292,883,286</b>	<b>58%</b>
<b>TOTAL ASSETS</b>	<b>1,008,370,379</b>	<b>589,729,271</b>	<b>418,641,108</b>	<b>71%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	1,138,387	1,138,387	0	0%
Retention Payable	37,368,844	40,108,653	(2,739,809)	-7%
Withholding Tax Payable	965,106	811,330	153,776	19%
Other Payables	2,572,605	533,708	2,038,897	382%
Advances from Shareholders	36,993,090	53,011,364	(16,018,274)	-30%
Loans Payable		50,000,000	(50,000,000)	-100%
	<b>79,038,032</b>	<b>145,603,442</b>	<b>(66,565,410)</b>	<b>-46%</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable	585,000,000	195,000,000	390,000,000	200%
	<b>585,000,000</b>	<b>195,000,000</b>	<b>390,000,000</b>	<b>200%</b>
<b>TOTAL LIABILITIES</b>	<b>664,038,032</b>	<b>340,603,442</b>	<b>323,434,590</b>	<b>95%</b>
<b>EQUITY</b>				
Share Capital	215,060,000	193,837,000	21,223,000	21%
Additional paid-in capital	200,217,500	140,972,000	59,245,500	20%
Deficit	(70,880,883)	(53,448,520)	(17,432,363)	-7%
<b>TOTAL EQUITY</b>	<b>344,396,617</b>	<b>281,360,480</b>	<b>63,036,137</b>	<b>34%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,008,434,649</b>	<b>621,963,922</b>	<b>386,470,727</b>	<b>62%</b>

## Total Assets

Total assets increased from P621.9 million to P1.008 billion 62% increase from December 31, 2021 to December 31, 2022. The increase was primarily due to Advances to contractors and the ongoing construction of the hospital.

## Cash and cash equivalents

Cash and cash equivalents decreased by P25.9 million (30%), as a result of an increase in payments for on-going construction of the hospital..

## Receivables and Advances

The receivables amounting to P151.5 million as of December 31, 2022 consist mainly of advances to contractors and suppliers.

## Property and equipment

Property and equipment amounted to P796.4 million as of December 31, 2022, which consists mainly of the land and construction in progress of the hospital, respectively.

## Total Liabilities

Total liabilities increased by P386.4 million from December 31, 2021 to December 31, 2022. The increase was primarily due to bank loans from the Development Bank of the Philippines.

## Current Liabilities

The decrease in current liabilities by P66.5 million was mainly due to the payment of advances from stockholders and loans payable.

## Equity

The 22% increase in total equity is due to collections of subscription receivables during the period and the sale of stocks. The Company is still non-operational and most of the expenses incurred are in line with planning, construction and an increase in Property and equipment.

The manner by which the Company calculates the key performance indicators is as follows:

Ratio	Formula	March 2025	Dec 2024	Dec. 2023	Dec. 2022
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.48:1	0.42:1	0.71:1	2.68:1
Solvency ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	0.04:1	0.04:1	-0.09:1	-0.03:1
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	7.15:1	8.57:1	7.88:1	1.93:1
Asset-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	8.15:1	9.57:1	8.88:1	2.93:1
Interest rate coverage ratio	$\frac{\text{Operating EBITDA}}{\text{Net Interest}}$	-10.76:1	-3.50:1	-8.63:1	-0.86:1
Return on assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	2.30%	-0.08%	-10.47%	-2.14%
Return on equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	20.98%	-0.76%	-54.86%	-5.57%
Net profit margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	20.31%	-0.25%	-1641%	0%

## Discussion and Analysis of Material Events and Uncertainties

1. The company's current ratio has significantly declined over time, indicating a reduction in short-term liquidity due to an increase in current liabilities relative to current assets. This trend reflects the corporation's ongoing allocation of funds to settle obligations related to medical supplies and to finance the completion of its building construction to make all floors fully operational.
2. There are no events that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. There are no known trends, events or uncertainties that have had, or are reasonably expected to have a material favorable or unfavorable impact on income from continuing pre- operations.
5. There were material commitments for capital expenditures during the quarter, as disclosed in Note 7 of the financial statements. On November 15, 2021, the Company entered into a Mortgage Agreement with the Development Bank of the Philippines (DBP) for loan and credit accommodations to finance the construction of the hospital building and the acquisition of medical instruments, furniture and appliances. The Mortgage Agreement is secured by the land together with the building and other permanent improvements.

Current financial position depends on the infusion of capital from the remaining shares from the IPO and the loan facility granted by the Development Bank of the Philippines. With the increasing demands, especially now that a completion target has been set, the corporation must maximize all means to market and sell offered shares to the public. Aside from the active selling of shares, the Company will use social media to encourage the public to invest in the hospital without prejudice to compliance with the provisions of the Securities and Regulation Commission regarding the marketing of the said shares. Payment of unpaid subscription by the stockholders was also called for to augment the cash position of the corporation.

6. There were no significant elements of income or loss that did not arise from the Company's continuing pre-operations.
7. There were no seasonal aspects that had any material effect on the financial condition or results of operations of the Company.

## **Item 7. Information on Independent Accountant and Other Related Matters**

- a. Querido Diel & Co., CPAs was recommended for election as external auditor for the year 2024 for a fee of Eight Hundred Six Thousand and Four Hundred Pesos (Php 806,400.00) VAT inclusive, and exclusive of out-of-pocket expenses.
- b. Querido Diel & Co., CPAs represented by its engagement partner, Mr. Richard Querido is the external auditor of the company for the most recently completed year 2024. Pursuant to the rule Revised SRC Rule 68 (3) (B) (ix) of the Amended Implementing Rules and Regulations of the Securities and Regulation Code (SRC) (re: rotation of external auditors) the Company has not engaged Mr. Richard Querido for more than seven (7) years. He had started as a signing Partner in the year 2019 and will be on his seventh year in 2025. In 2026, the Firm will appoint a new signing partner for the Company.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2024, the Company's auditors did not perform any substantial non-audit services for the Company.

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Mendoza Querido and Company CPAs (MQC) has been the Independent Auditor of the Company from 2018 until 2022 when its secondary license as a registered issuer of securities has been approved with Mr. Richard S. Querido as the signing partner.

Mendoza, Querido & Co., CPAs was dissolved by resolution of the partners on November 30, 2023. The Company was formally notified of the dissolution on February 21, 2024.

There were no disagreements with Mendoza, Querido & Co., CPAs for years 2022, 2021, 2020, 2019, and 2018 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope, and procedures. The same could be said of Querido, Diel & Co, CPAs for 2023 and 2024.

After the dissolution of his old Audit firm, Mendoza, Querido and Co., Mr. Richard S. Querido, the Company's signing partner, established a new audit firm with other partners namely the Querido Diel & Co., CPAs (hereinafter "QDC"). The Company's Board of Directors approved the appointment of QDC in its Special Board Meeting on April 29, 2024 after the company had been informed of the approval of its accreditation on January 25, 2024.

## External Audit Fees

### Audit and Audit Related Fees

The 2024 Audited Financial Statements of the Company with the External Auditors' PTR, Name of the Certifying partner and Address and Statement of Manager's Responsibility are attached hereto as Annex E2.

There are no assurance related services by the external auditor that or reasonably related to the performance of the auditor or review of the Company's financial statements that were availed by the Company for the year 2024 and on the first quarter of 2025.

### **THE AGGREGATE FEES BILLED ARE SHOWN BELOW:**

The External Auditor has rendered:

- Audit of the Registrants annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years.
- The Audit Committee has approved the above-mentioned services.

The aggregate fees billed are shown below:

Fees approved in connection with the assurance rendered by Querido Diel & Co. for 2024 and 2023 in accordance with statutory and regulatory requirements total P 806,400 for the years ended December 31, 2024, and P 336,000 inclusive of 12% VAT for the years ended December 31, 2023.

Year	2024	2023	2022
Audit Fees	806,400	336,000	341,549.60
Tax Fees		0	0
All other fees		0	0

There are no tax and other services rendered by Querido Diel and Co. for 2024 and March 2025.

#### **D. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE**

The Company is committed to a strong corporate governance with transparency and accountability as its hallmarks.

On 4 July 2021, during its first meeting after the issuance of the Permit to Offer Securities, the Board of Directors appointed its Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of good governance. The Company submitted its Manual on Corporate Governance on 2 December 2021 which substantially adopted all of the recommendations under SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers (CG Code for PCs and RIs).

In 2022, the Company has established a Self-Assessment Survey by the Board of Directors and Board Committees. This evaluation system aims to measure and determine the level of compliance of the Board of Directors and top-level management with its Revised Manual on Corporate Governance. The Board Performance Assessment which is accomplished by the BOD indicates compliance ratings. It is submitted to the Compliance Officer who evaluates compliance with the Revised Manual on Corporate Governance.

The minor deviations from the recommendations of the CG Code for PCs and RIs such as the number of Executive directors being more than the number of non-executive directors, the Corporate Secretary being a member of the Board of Directors, and having three (3) Independent Directors instead of five (5) or one-third of the membership were necessitated by the fact that the company has just operated and there is a need to tighten the purse that is achieved by having a lean manpower through the combination of various roles in one person. The Company will ensure that it is fully compliant with all the recommendations once it has stabilized its resources.

In 2023, the Company had approved its Board Risk Oversight Committee Charter and Data Privacy Committee Charter and appointed the Chairperson and Members of the said Committees.

Education and training is essential to compliance. To ensure that the Company will fully comply with the adopted leading practices on good corporate governance, a program was set in place requiring Directors to undergo SEC accredited trainings on corporate governance trainings and other trainings that will optimize Board performance. Further, to improve corporate governance of the company, a regular review of the Manual on Governance by the Corporate Governance Committee is mandated.

The following table shows the training received by the APMC Aklan Board of Directors in 2024:

The following table shows the training received by the APMC Aklan Board of Directors and Executive Officers in 2024:

DIRECTOR	2024
DR. JOANNE B. ABRIL	Year -end Tax Updates & Compliance conducted by the Center for Global Best Practices on 19-20 December 2024, <b>(6 hours 30mins)</b> .
DR. SIMEON A. ARCE, JR.	Building A Working Board: Essential Steps to Success conducted by the Institute of Corporate Directors on 26 July 2024, <b>(2 hours)</b> .
	Customer Centricity conducted by the Institute of Corporate Directors on 30 August 2024, <b>(2 hours)</b> .
	Effectively Cascading the Company Strategic Plan conducted by the Institute of Corporate Directors on 27 September 2024, <b>(2 hours)</b> .
	Deploying a Data-first Strategy: Separating Fact Versus Fiction conducted by the Institute of Corporate Directors on 4 December 2024, <b>(2 hours)</b> .
	Health Governance: The Value for Strategic Purchasing conducted by the Institute of Corporate Directors on 13 December 2024, <b>(2 hours)</b> .
	Who is Responsible for Your Corporate Culture conducted by the Institute of Corporate Directors on 29 November 2024, <b>(2 hours)</b> .
DR. GREGORY JOSEPH RYAN A. ARDEÑA	Risks and Resilience in the World of AI conducted by the Institute of Corporate Directors on 17-18 July 2024, <b>(4 hours)</b> .
DR. DELPHINE JOANNE C. QUINTANA-BARTOLOME	Risks and Resilience in the World of AI conducted by the Institute of Corporate Directors on 17-18 July 2024, <b>(4 hours)</b> .
	Year -end Tax Updates & Compliance conducted by the Center for Global Best Practices on 19-20 December 2024, <b>(6 hours 30mins)</b> .
DR. REGINA R. BUENAFLORES	Corporate Housekeeping conducted by the Center for Global Best Practices on 6, 7 & 11 June 2024, <b>(9 hours)</b> .
DR. MARSHA LOURDES P. CONANAN-MORATO	Who is Responsible for Your Corporate Culture conducted by the Institute of Corporate Directors on 29 November 2024, <b>(2 hours)</b> .
DR. EILEEN MAY B. DEBUQUE	Simplified Guide to Parliamentary Procedures for Highly effective Corporate Meetings conducted by the Center for Global Best Practices on 3-4 October 2024, <b>(6 hours)</b> .
	The Next Level in ESG & Sustainability Going Beyond Compliance and Reporting conducted by the Center for Global Best Practices on 6 December 2024, <b>(3 hours 15mins)</b> .
DR. NIKKI JAMES C. FRANCISCO	Corporate Housekeeping conducted by the Center for Global Best Practices on 6, 7 & 11 June 2024, <b>(9 hours)</b> .
DR. MERIDE DAULO-LAVILLA	Customer Centricity conducted by the Institute of Corporate Directors on 30 August 2024, <b>(2 hours)</b> .
	Effectively Cascading the Company Strategic Plan conducted by the Institute of Corporate Directors on 27 September 2024, <b>(2 hours)</b> .

	Who is Responsible for Your Corporate Culture conducted by the Institute of Corporate Directors on 29 November 2024, <b>(2 hours)</b> .
DR. CLAIRE B. PEREZ	Corporate Housekeeping conducted by the Center for Global Best Practices on 6, 7 & 11 June 2024, <b>(9 hours)</b> .
DR. RAYMUNDO R. QUIMPO	Corporate Governance Orientation Program conducted by the Institute of Corporate Directors on 4-5 June 2024. <b>(8 hours)</b>
DR. DARCY A. QUINDOR	Corporate Housekeeping conducted by the Center for Global Best Practices on 6, 7 & 11 June 2024, <b>(9 hours)</b> .
	Risks and Resilience in the World of AI conducted by the Institute of Corporate Directors 17-18 July 2024, <b>(4 hours)</b> .
ATTY. MAYLENE B. VILLANUEVA	Distinguished Corporate Governance Speaker Series: AI in Governance and Leadership conducted by the Institute of Corporate Directors on 10 October 2024, <b>(2 hours 30mins)</b> .
	Distinguished Corporate Governance Speaker Series: Unlocking Clarity: Empowering Directors to Navigate Data Overload conducted by the Institute of Corporate Directors on 13 March 2024, <b>(2 hours)</b> .
	Enterprise Risk Management “ISO 31000 ERM Fundamental” on 27-29 May 2024, <b>(16.5 hours)</b>

All other directors are expected to attend training in other aspects of governance by the end of 2025.

The Board and Key Management Officers conducted a strategic planning session on October 26-27, 2024, followed by another session on December 14, 2024. Periodic reviews will be conducted to ensure that the Company’s policies and procedures remain relevant and are effectively implemented. Should these reviews indicate the need for changes, the Board is committed to taking the necessary actions.

**The 2024 SEC Form 17-A shall be available at the above stated company website. Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of the said 2024 SEC Form 17-A free of charge, except for exhibits attached which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:**

**Asia Pacific Medical Center - Aklan Inc.  
(Formerly: Allied Care Experts (ACE) Medical Center - Aklan Inc.)  
Judge Martelino Road, Andagao, Kalibo, Aklan**

**Attention: The Corporate Secretary**