SEC eFast Initial Acceptance

From: noreply-cifssost@sec.gov.ph

Date: Thursday, May 15, 2025 at 02:00 PM GMT+8

Greetings!

SEC Registration No: CS201739437
Company Name: ASIA PACIFIC MEDICAL CENTER (APMC)-AKLAN INC.
Document Code: SEC_Form_17-Q

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REPUBLIC OF THE PHILIPPINES)
Kalibo, Aklan) S.S.

CERTIFICATION

I, **SIMEON A. ARCE, JR.**, President of **Asia Pacific Medical Center (APMC) - Aklan Inc. formerly Allied Care Experts (ACE) Medical Center-Aklan Inc.**, with SEC registration number **CS201739437** with principal business office at **Judge Martelino Road, Brgy. Andagao, Kalibo, Aklan**, on oath state:

1) That on behalf of **Asia Pacific Medical Center (APMC)- Aklan Inc. (formerly Allied Care Experts (ACE) Medical Center-Aklan Inc.)**, I have caused this **17 - Q** dated 15 May 2025 to be prepared;
2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3) That the company **Asia Pacific Medical Center (APMC) - Aklan Inc. (formerly Allied Care Experts (ACE) Medical Center-Aklan Inc.)**, will comply with the requirements set forth in SEC Notice dated October 9, 2023 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of May 2025 at Kalibo, Aklan.

SIMEON A. ARCE, JR.
President

SUBSCRIBED AND SWORN to before me this 15th day of May 2025 at Kalibo, Aklan Philippines, affiant personally appeared and exhibited to me his PRC ID No. 0068829 issued on 03/06/1990, at Manila and valid until 05/12/2026.

NOTARY PUBLIC

ROMEO
Notary Public for the Province of Aklan
Appointment No. 2 (2025-2026)
Until December 31, 2026
Roll No. 35274
XIX Martyrs St., Kalibo, Aklan
IBP No. 474318(MD2025)11/04/2024/Pasig City
PTR No.9274710/01/02/2025/Kalibo, Aklan
MCLE Compliance No. VIII-0015997
Issued on November 15, 2024

Doc. No. 339
Page No. 69
Book No. 32
Series of 2025.

COVER SHEET

SEC Number
CS201739437
File Number _____

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.
(Formerly Allied Care Experts (ACE) Medical Center – Aklan Inc.)
(Company's Full Name)

Judge Martelino Road, Barangay Andagao, Kalibo, Aklan
(Company's Address)

(+63)9190963082 / (+63)9178146042
(Company's Telephone Number)

2025 December 31
(Fiscal Year Ending-Month and Day)

SEC FORM 17-Q
(FORM TYPE)

31 March 2025
Period Ended Date

(Amendment Designation, if applicable)

(Secondary License Type, if any)

SECURITIES AND EXCHANGE

COMMISSION SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2025**

2. SEC Identification Number CS201739437

3. BIR Tax Identification No. 009-900-845-000

4. ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC. (Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)
   Exact name of issuer as specified in its charter

5. Aklan, Philippines
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. Judge Martelino Road, Barangay Andagao, Kalibo, Aklan 5600
   Address of issuer's principal office Postal Code

8. (+63)9178146042 / (+63)9100803082
   Issuer's telephone number, including area code

9. Aklan Polyclinic and Drugstore, Goding Ramos Street, Kalibo, Aklan
   Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Founders' share	600
Common share	214,460

The total outstanding debt of the company as of March 31, 2025 is PHP 1,955,796,823.

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [ ] No [√]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein: N/A

12. Indicate by check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports);

Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [√] No [ ]

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PART I – FINANCIAL INFORMATION

Item I. Financial Statements

The unaudited financial statements of Asia Pacific Medical Center (APMC) – Aklan Inc. (Formerly Allied Care Experts (ACE) Medical Center – Aklan Inc.) (the Company) as at and for the period ended March 31, 2025 (with comparative figures as at March 31, 2024) are filed as part of this Form 17-Q as Annex "A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as Annex "B".

PART II – OTHER INFORMATION

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.**
(Formerly Allied Care Experts (ACE) Medical Center – Aklan Inc.)

Signature and Title **DR. SIMEON A. ARCE, JR.**
President

Date 5-15-2025

Signature and Title **ANGELA NADINE REYES**
Chief Accounting Officer

Date 5-15-2025

Annex "A"

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.
(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND MARCH 31, 2024
(Amounts in Philippine Pesos)

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
ASSETS		
Current Assets		
Cash	65,823,332	94,844,946
Receivables	124,614,509	29,093,609
Inventories	19,089,796	14,187,852
Advances to contractors	29,959,433	181,563,961
Advances to Suppliers	13,001	
Prepayments and other current assets	24,830,315	81,024,516
Total Current Assets	**264,330,386**	**400,714,884**
Noncurrent Assets		
Property and equipment – net	1,962,660,050	1,652,009,641
Deposits	2,517,314	2,517,314
Total Noncurrent Assets	**1,965,177,364**	**1,654,526,955**
TOTAL ASSETS	**2,229,507,750**	**2,055,241,839**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	161,567,646	185,145,104
Retention payables	46,052,451	48,196,599
Advances from shareholders	306,777,102	184,983,588
Loans payable – current portion	41,068,815	94,885,058
Total Current Liabilities	**555,466,014**	**513,210,349**
Noncurrent Liability		
Loans payable – noncurrent	1,400,331,881	1,346,515,638
Total Liabilities	**1,955,797,895**	**1,859,725,987**
Equity		
Share capital	215,060,000	215,060,000
Additional paid-in capital	236,429,500	233,163,500
Retained Earnings(Deficit)	(177,779,645)	(252,707,648)
Total Equity	**273,709,855**	**195,515,852**
TOTAL LIABILITIES AND EQUITY	**2,229,507,750**	**2,055,241,839**

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.

(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)

STATEMENTS OF CHANGES IN EQUITY

MARCH 31, 2025 AND MARCH 31, 2024

(Amounts in Philippine Pesos)

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
SHARE CAPITAL	**215,060,000**	215,060,000
ADDITIONAL PAID-IN CAPITAL	**236,429,500**	233,163,500
DEFICIT		
Balance at beginning of the Period	**(226,993,980)**	(225,302,613)
Net Income (Loss)	**49,215,407**	(27,406,748)
Balance at end of the Period	**(177,778,573)**	(252,709,361)
	273,710,927	**195,514,139**

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.
(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	March 31, 2025	March 31, 2024
GROSS REVENUES	**280,127,259**	94,661,667.79
DISCOUNTS AND FREE SERVICES	**(37,768,529)**	(9,672,469.90)
NET REVENUES	**242,358,730**	**84,989,197.89**
COST OF SERVICES	**(107,688,982)**	(83,617,116.31)
INCOME	**134,669,748**	**1,372,081.58**
GENERAL AND ADMINISTRATIVE EXPENSES	**(81,737,964)**	(21,221,580.12)
OTHER INCOME	**3,314,3920**	1,394,372.79
INCOME (LOSS) FROM OPERATION	**56,246,176**	**(18,455,125.75)**
FINANCE COST	**(7,030,769)**	(8,949,908.86)
LOSS BEFORE INCOME TAX	**49,215,407**	**(27,405,034.61)**
INCOME TAX	**0**	
NET INCOME (LOSS)	**49,215,407**	**(27,405,034.61)**
INCOME (LOSS) PER SHARE	**229**	**(127.43)**

There was no other comprehensive income during the period ended March 2025.

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.

(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	March 31, 2025(Unaudited)	**March 31, 2024(Unaudited)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	49,215,407	(P 27,405,035)
Adjustments for:		
Finance Cost	7,030,769	0
Interest income *(Note 2)*	(10,075)	(21,045.25)
Depreciation *(Notes 2, 10,16, and 17)*	19,318,581	6,417,910
Income before working capital changes	75,554,682	(21,008,169)
Decrease (increase) in:		
Receivables *(Notes 2,3.4, and 5)*	(31,834,557)	(26,436,934)
Inventories *(Notes 2 and 6)*		2,420,999
Prepayments and other current assets *(Note 9)*	(9,284,841)	64,270.00
Advances from Lesse (*Notes 2 and 18)*		
Increase in accounts and other payables *(Notes 2 and 11)*	13,296,475	46,389,790
Net cash used for operations	47,731,759	(11,470,136)
Interest paid	(6,598,776)	
Income tax paid	(1,234,543)	
Interest received	10,075	21,045
Net cash used in operating activities	**39,908,515**	**(P 11,449,091))**
CASH FLOWS FROM INVESTING ACTIVITIES		
Retention from (release of) payment to contractors	(3,979,803)	(P9,862,828)
Payment of deposits		
Advances to Advances to Officers, Employees and Members		
Advance payments to suppliers *(Notes 2 and 7)*	(13,001)	(8,690,838)
Advance payments to contractors *(Notes 2 and 8)*	78,973	(6,438,743)
Additions to property and equipment *(Notes 2 and 10)*	(55,667,580)	(52,892,364)
Net cash used in investing activities	**(59,581,412)**	**(P 77,884,773)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share Capital		
Proceeds from (payments of advances from stockholders*) (Notes 2,4,19, and 22)*	22,382,753	(1,522,769.00)
Proceeds from subscription of share capital *(Notes 2 and 14)*		10,380,890.00
Additional paid-in capital		4,305,500.00
Payments of loans payable *(Notes 2 and 13)*		150,000,000.00
Net cash provided by financing activities	**22,382,753**	**P116,163,621.00**
NET INCREASE (DECREASE) IN CASH	**2,709,856**	**26,829,757.00**
CASH IN BANK AT BEGINNING OF PERIOD	62,665,474	68,015,190.00
CASH ON HAND AT BEGINNING OF PERIOD	448,003	
CASH EQUIVALENTS AT BEGINNING OF PERIOD	**63,113,477**	**68,015,190.00**
CASH IN BANK AT END OF PERIOD	65,375,329	93,362,070.00

CASH ON HAND AT END OF PERIOD	448,003	1,482,877.00
CASH EQUIVALENTS AT END OF PERIOD	**65,823,332**	**P94,844,947.00**

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.

(Formerly Allied Care Experts (ACE) Medical Center – Aklan Inc.)

NOTES TO FINANCIAL STATEMENTS

1. General Information

Asia Pacific Medical Center (APMC) - Aklan Inc. (formerly Allied Care Experts (ACE) Medical Center-Aklan Inc.) [the Company] was registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 2017. In accordance with the Revised Corporation Code (RCC), corporations incorporated before its effective date, such as the Company, now automatically have perpetual existence. This means the Company's corporate life is no longer limited to the original fifty-year term.

While this change does not require further action from the Company, it may choose to amend its Articles of Incorporation (AOIs) to reflect the perpetual term. To do so, the amendment must be approved by a majority vote of the Board of Directors and the stockholders, or, for non-stock corporations, by the majority vote of the members. The Company was established primarily to establish, maintain, operate, own, and manage hospitals, medical and healthcare-related facilities, and businesses, such as clinical laboratories, diagnostic centers, ambulatory clinics, scientific research institutions, educational facilities, and other allied services. These services include medical, surgical, nursing, therapeutic, paramedical, or similar care, with purely professional medical or surgical services being provided by duly qualified and licensed physicians or surgeons, who may or may not be connected with the hospitals. These professionals will contract their services freely and individually with patients.

The Company's office address is located at Judge Martelino Road, Andagao, Kalibo, Aklan.

The Company's Board of Directors (BOD) and Stockholders representing at least 2/3 of the outstanding share capital at their respective meetings on June 4, 2020 and June 14, 2020, approved to change the Company's corporate name from Allied Care Experts (ACE) Medical Center - Aklan Inc. to Asia Pacific Medical Center (APMC) - Aklan Inc. On December 3, 2020, the SEC approved the amendment to the Articles of Incorporation of the Company to change the Company's corporate name.

On January 26, 2021, the Company applied with the SEC for a license to sell its securities to the general public pursuant to Sections 8 and 12 of the Securities Regulation Code (SRC). The application was approved on June 24, 2021 (see Note 9).

The Company has five hundred fifty (645) employees as at March 31, 2025.

2. Summary of Significant Accounting Policies and Disclosure

<u>Basis of Preparation</u>

The accompanying financial statements of the Company have been prepared on a historical cost basis, except as otherwise stated. The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies

The Company consistently adopted and applied all accounting policies under PFRS which have been issued and becomes effective except adoption of the following amendments effective beginning January 1, 2024. Adoption of these amendments to PFRS, PAS and Philippine Interpretations did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PAS 1, "Presentation of Financial Statements – Noncurrent Liabilities with Covenants "

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent , on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 7 and PFRS 7, "Supplier Finance Arrangements "

The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 16, "Leases – Lease Liability in a Sale and Leaseback "

The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease. The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

New Accounting Standards, Amendments to Existing Standards and Interpretations
Effective Subsequent to December 31, 2024

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2024 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

Effective beginning on or after January 1, 2025

- Amendment to PAS 21, "Lack of Exchangeability "

The amendment is to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

- Amendment to PFRS 17, "Initial Application of PFRS 17 and PFRS 9 – Comparative Information "*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

*On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

Effective beginning on or after January 1, 2026

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

The amendments clarify that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

Effective beginning on or after January 1, 2027

- PFRS 18, "Presentation and Disclosure in Financial Statements "

The objective of PFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses.

- PFRS 19, "Subsidiaries without Public Accountability "

The objective of the Standard is to alleviate the reporting burden for subsidiaries without public accountability.

Deferred Effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, "Business Combinations ". Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments may apply to future transactions of the Company.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, "Borrowing Cost") for the Real Estate Industry

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.
The adoption of this amendment is not expected to have any significant impact on the financial statements since the Company is not in a real estate industry.

No Mandatory Effective Date

- PFRS 9, "Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)"

The amendments require the inclusion of a general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income (OCI).

These amendments are not applicable to the Company and expected not to have an impact on the financial statements.

Material Accounting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification. An asset is current if:

- 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 twelve (12) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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 period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities, if any, 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.

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

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

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 assets or liabilities and the level of the fair value hierarchy.

<u>Financial Instruments</u>
Financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition
The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference
Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Financial Assets

Initial Recognition
Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through
profit or loss (FVPL), includes transaction cost.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost
Financial assets are measured at amortized cost if both of the following are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash, receivables and deposits are classified under this category.

Debt Instruments at FVOCI
For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are classified from equity to profit or loss as a reclassification adjustment.

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

Equity Instruments at FVOCI
For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, "Financial Instruments: Presentation". This option is available and made
on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

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

Financial Assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2024 and 2023, the Company has no financial assets at FVPL.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI
The Company recognizes an allowance for ECL for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale
of collateral held or other credit enhancements that are integral to the contractual terms.

For accounts receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the nonpayment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
Derecognition
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Measurement
Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification and Subsequent Measurement
The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

Financial liabilities at FVPL
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

As at December 31, 2024 and 2023, the Company does not have financial liabilities at FVPL.

Financial liabilities at amortized cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

As at December 31, 2024 and 2023, the Company's accounts and other payables (except government payables), retention payables, advances from shareholders and loans payable are classified under this category.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Fair Value Option
The Company may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortized cost or FVOCI to be measured at FVPL if doing so would eliminate or significantly reduce an accounting mismatch or otherwise results in more relevant information.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are
- potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Inventories
Inventories is stated at the lower of cost and net realizable value. The net realizable value of inventories are the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of inventories is the current replacement cost. Cost is calculated using the first-in first-out (FIFO) method.

Advances to Contractors
Advances to contractors are downpayments paid to contractors. These are carried at face amount in the statements of financial position and is liquidated via deduction, on a pro-rate basis from the contractor's periodic progress billings.

Prepayments and Other Current Assets

Prepaid Interest
Prepaid interest represents advance payment of interest from loans payable but not yet incurred.

Creditable Withholding Tax
Creditable withholding tax is an amount that is withheld from income payments. This is deducted from income tax payable.

Input VAT
Input VAT represents value-added tax (VAT) paid to suppliers that can be claimed as credit against the Company's VAT liabilities.

Advances to Suppliers
Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried at face amount in the statements of financial position and are recognized to appropriate asset account or in profit or loss when the services or materials for which the advances were made are received and delivered.

Property and Equipment
Property and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated provision for any impairment in value, if any.

The initial cost of property and equipment comprises its purchase price and other costs directly attributable in bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations when 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 and the cost of such item can be measured reliably, the expenditures are capitalized as an additional cost of the said property and equipment.

Land is stated at cost less impairment in value, if any.

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

Property and Equipment	No. of years
Hospital building	50
Medical equipment, tools and instruments	10
Hospital furnishings, fixtures and office equipment	5
Transportation equipment	10
Computerization	3

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property.

Construction in progress represents structures under construction and is stated at cost (includes cost of construction, machinery and equipment under installation and other related costs). Construction in progress is not depreciated until such time as the relevant assets are completed and ready for its intended use.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Impairment of Nonfinancial Assets

Inventories, property and equipment, advances to contractors, and prepayments and other curernt assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU 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 cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses are recognized in the statements of comprehensive income.

Recovery of impairment loss recognized in prior years is recorded on nonfinancial asset when there is an indication that the impairment loss recognized for the asset no longer exists or has decreased. The recovery is recorded in the statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Equity

Share Capital

Share capital is recognized as issued when the share is paid for or subscribed under a binding subscription agreement and is measured at par value.

The share capital is classified into founders' share and common share.

Additional Paid-in Capital

Proceeds and/or fair value considerations received in excess of par value.

Deficit

Deficit includes all current and prior period results of operations as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent.

Patient Revenues
Patient revenue comprises the fair value of the consideration received or receivable from the sale of services in the ordinary course of the Company's activities, net of VAT (if applicable) and discounts.

The Company often provides discounts and free services to underprivileged patients, senior citizens and its employees. Discounts and free services are presented within "Discounts and free services" and deducted from gross revenue in statements of comprehensive income.

The Company classifies the patient revenues as in-patient, out-patient and emergency services.

In-patient, out-patient and emergency revenues are exempted from VAT, except for the sale of drugs and medicines arising from out-patient services activities which are considered vatable transactions pursuant to the relevant provisions of the Consolidated Value-Added Tax Regulations of 2005 (Revenue Regulations 16-2005).

Patient revenues are recognized in the period when the services are rendered or when the Company has delivered to the patient and the patient has accepted the products. In-patient, out-patient and emergency medical procedures are generally completed in a very short span of time and charges are captured and billed as of close of day. By the nature of the services, no material performance obligation will remain uncompleted at each reporting period end, and thus, measuring the progress of the performance obligation is not considered necessary.

Interest Income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Other Income
Income from other services are recognized when rendered and when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

<u>Cost and Expenses</u>
Costs and expenses are recognized in the statements of comprehensive income upon utilization of goods and/or service or at the date these are incurred.

<u>Short-term Employee Benefits</u>
Short-term employee benefits are employee benefits which fall due within twelve months after the end of the period in which the employees render the related service. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses, and non monetary benefits. Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the statements of financial position date. These are included in salaries and wages account at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Borrowing Costs

Borrowing costs are generally recognized as expense in the year in which these costs are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for its intended use. It includes interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that these are regarded as an adjustment to interest costs.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has the following:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:

a. the Company has the right to operate the asset; or
b. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Short-term Leases and Leases of Low-Value Assets

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

Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred Income Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period 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 tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Related Parties

A party is considered to be related to the Company if it has the ability, directly or indirectly through one or more intermediaries, to control, is controlled by, or is under common control with, the Company; or exercises significant influence over the Company in making financial and operating decisions; or has a joint control over the Company. It is also related to the Company if a party is an associate, a joint venture in which the Company is a venturer, a member of the key management personnel of the Company or its parent, a close member of the family of Company's related party, an entity controlled, jointly controlled or significantly influenced by a key management personnel of the Company or close member of the family of Company's related party, and a post-employment benefit plan for the benefit of employees of the Company or its related party. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to
those offered to nonrelated parties.

Provisions

Provisions are recognized when the Company has present obligations, legal or constructive, as a result of past events, when 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. Where 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 presented in the statements of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Loss Per Share

Basic loss per share is calculated by dividing the net loss (less preferred dividends net of tax, if any) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the
classification of those assets.

Significant Increase of Credit Risk
Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and
correlation.

Classification of Financial Instruments
The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or OCI.
The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Determining whether an Agreement Contains a Lease
The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to
ownership to the Company.

Operating Lease
The Company has entered into lease arrangements either as a lessor or as a lessee. In determining whether all significant risks and rewards of ownership remain with the lessor or transferred to the
lessee, the following factors are considered:

a. the ownership of the asset does not transfer at the end of the lease term;
b. there is no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
c. the lease term is not for the major part of the economic life of the asset even if title is not transferred;
d. the leased assets are not of such specialized nature that only lessee can use them without major modifications.

The Company accounted for its lease arrangements as operating lease (see Note 19).

Determining the Fair Values of Financial Instruments
Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair
value of financial instruments.

Recoverability of Property and Equipment
The carrying value of property and equipment is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessments and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period. Management believes, based on facts and circumstances at December 31, 2024 and 2023, that there are no indicators that the remaining carrying amount of property and equipment may not be
recoverable.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next
financial year are discussed as follows:
Assessment for ECL on Patient Receivables
The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for patient receivables. The provision matrix specifies provision rates depending on the number of days that patient receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each
customer segment to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each patient segment. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on patient receivables is sensitive to changes in assumptions about forecasted economic conditions.

No provision for ECL on patient receivables for the years ended December 31, 2024 and 2023. Patient receivables amounted to P89,040,438 and P2,084,528 as at December 31, 2024 and 2023, respectively (see Note 5).

Assessment for ECL on Other Financial Assets at Amortized Cost
The Company determines the allowance for ECL using general approach based on the probability- weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost.

ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023. The carrying amounts of other financial assets at amortized cost are as follows:

		March 31, 2025 (Unaudited)		March 31, 2024 (Unaudited)
Cash in Bank	₱	**65,375,329**	₱	**93,362,070**
Receivables		**124,614,509**		**29,093,609**
	₱	**189,989,838**	₱	**122,455,679**

Impairment of Inventories
The Company recognizes impairment on inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The impairment is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Inventory items identified to be obsolete and unusable are also written off and charged as expense for the period.

No impairment loss on inventories was recognized for the years ended December 31, 2024 and 2023. Inventories amounted to P19,089,796 and P16,608,851 as at December 31, 2024 and 2023, respectively (see Note 6).

Assessment for Impairment of Nonfinancial Assets Other than Inventories
The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;

- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. 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.

No impairment loss on nonfinancial assets was recognized for the years ended December 31, 2024 and 2023. The carrying amount of nonfinancial assets is as follows:

	March 31, 2025	March 31, 2024
Property and equipment	₱ **1,962,660,050**	₱ **1,652,009,641**
Prepayments and Other current assets	**24,830,315**	**7,039,452**
Advances to contractors	**29,959,433**	**181,563,961**
Advances to suppliers	**13,001**	
	₱ **2,017,462,799**	₱ **1,840,613,054**

Estimating Useful Lives of Property and Equipment, Except Land
The estimated useful lives used as basis for depreciating the Company's property and equipment, excluding land, were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets.

The carrying amount of property and equipment, except land, amounted to P1,832,214,565 and P1,511,417,657 as at December 31, 2024 and 2023, respectively (see Note 9).

Fair value estimation of Land and Buildings
In determining the fair value of land and buildings, the Company, through the professional services of the independent appraisers, utilized a combination of market and cost approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The technique of this approach requires establishing of comparable property by reducing reasonable comparative sales and listings to a common denominator. Meanwhile, the value of the buildings and building improvements was arrived at using the cost approach. Under this approach, an estimate is made of the current cost of reproduction of the buildings in accordance with the prevailing market prices of materials, labor, contractor's overhead, profit and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and functional or economic obsolescence.

Recognition of Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The management believes that the Company will not be able to realize the NOLCO in the future. The Company provided full valuation allowance on its NOLCO, thus no deferred tax asset was recognized as at December 31, 2024 and 2023.

4. Financial Risk Management Objectives and Capital Management

Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund its operations. The Company's principal financial instruments arising from operations consist of cash and cash equivalents, receivables, accounts and other payables and advances from shareholders. The main risks from the use of financial instruments are credit and liquidity risk.

The Company does not have foreign currency risk because the Company has no monetary assets and liabilities denominated in foreign currency both for 2025 and 2024.

The Company's BOD reviews and approves the policies for managing each of these risks and these are summarized below:

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are composed of cash in banks. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and

- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 9-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	March 31, 2025			
	Financial asset at amortized cost			
	12-month ECL	**Lifetime ECL– not credit impaired**	**Lifetime ECL– credit impaired**	**Total**
Cash in Banks	65,375,329			65,375,329
Receivables from Employees and Officers	124,614,509			124,614,509
Deposits				
	189,989,838	**0**	**0**	**189,989,838**

	March 31, 2024			
	Financial asset at amortized cost			
	12-month ECL	**Lifetime ECL– not credit impaired**	**Lifetime ECL– credit impaired**	**Total**
Cash in Banks	93,362,069			93,362,069
Receivables from Employees and Officers	29,093,608.74			29,093,608.74
Deposits	0			0
	122,455,677.74	**0**	**0**	**122,455,677.74**

Liquidity Risk

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

To meet the Company's short-term obligations and funding for the construction of its building, the Company will call for payment of the subscription receivable from the stockholders. Also, the Company secured from the Development Bank of the Philippines a credit line facility on August 19, 2020 as one of its sources in funding the construction of the hospital building.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at March 31, 2025 and 2024 based on contractual and undiscounted payments.

As at March 31, 2025

	On Demand	Within 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities:					
Accounts and other payables•	₱ 161,566,575	₱	₱	₱	₱ 161,566,575
Retention payable		46,052,451			46,052,451

Advances from shareholders		306,777,102			306,777,102
Loan payable		30,712,543.50	877,481,706.76	533,206,445.76	1,441,400,696.02
	₱ 161,566,575	₱ 383,542,096.5	₱ 877,481,706.76	₱ 533,206,445.76	₱ 1,955,796,824,02
Financial assets:					
Cash	65,823,332				65,823,332
Receivables	124,614,509				124,614,509
Deposits			2,517,314.20		2,517,314.20
	₱ 190,437,841	₱ 0.00	₱ 2,517,314.20	₱ 0.00	₱ 192,955,155.2

As at March 31, 2024

	On Demand	Within 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities:					
Accounts and other payables•	₱ 185,145,104	₱	₱	₱	₱ 185,145,104
Retention payable					
Advances from shareholders		184,983,588			184,983,588
Loan payable		37,616,725	564,111,498	839,672,473	1,441,400,696
	₱ P185,145,104	₱ P222,600,313	₱ P564,111,498	₱ P839,672,473	₱ P1,811,529,388
Financial assets:					
Cash	₱ 94,844,947	₱	₱	₱	₱ 94,844,947
Receivables	29,093,609				29,093,609
Deposits					0.00
	₱ 123,938,555	₱	₱	₱	₱ 123,938,555

Fair Values of Financial Instruments

The historical cost carrying amounts of the Company's financial assets and financial liabilities are all subject to normal credit terms, and are short-term in nature, and approximate their fair values.
Details are as follows:

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Financial assets:		
Cash	₱ 65,823,332	₱ P94,844,947
Receivables	124,614,509	29,093,609
Deposits	2,517,314.20	2,517,314
	₱ 192,955,155.2	₱ 126,455,870
Financial liabilities:		
Accounts and other payables•	₱ 161,566,575	₱ 175,615,335
Retention payable	46,052,451	
Advances from shareholders	306,777,102	184,983,588
Loan payable	1,441,400,696.02	1,441,400,696
	₱ 1,955,796,824.02	₱ 1,801,999,619

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholder value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the twelve-month period ended March 31, 2025 and 2024.

The following table pertains to the account balances the Company considers as its core economic capital:

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

		March 31, 2025 (Unaudited)		March 31, 2024 (Unaudited)
Share Capital	₱	215,060,000.00	₱	215,060,000.00
Additional Paid In Capital		236,429,500		233,163,500
Deficit		(177,778,573)		(252,707,647)
	₱	273,710,927	₱	195,515,852

5. Receivables

This account consists of:

		March 31, 2025(Unaudited)		March 31, 2024 (Unaudited)
Patients Receivables	₱	120,427,381.13	₱	27,760,488
Receivables from employees and officers		4,187,128.10		1,333,121
Other receivables				
	₱	124,614,509	₱	29,093,609

Patient receivables arise from healthcare, accommodation and other ancillary services which are generally, on a 15-60-day credit term. There is no concentration of credit risk with respect to patient receivables.

Receivables from employees and officers pertain to non-interest-bearing cash advances which are settled through liquidation.

6. Inventories

This account consists of:

		March 31, 2025 (Unaudited)		March 31, 2024 (Unaudited)
Pharmaceutical products	₱	10,780,817.33	₱	7,814,371
Laboratory and other hospital supplies		8,308,979.01		6,373,482
	₱	19,089,796.34	₱	14,187,853

The cost of inventories recognized as expense and included in the cost of services amounted to P37,421,095.04 as of March 31, 2025.

7. Advances to Contractors

Advances to contractors represents advances for awarded project activity and is liquidated via deduction, on a pro-rate basis from the contractor’s periodic progress billings.

Advances to contractors amounted to P **29,959,433** and P 181,563,961 as of March 31, 2025 and March 31, 2024.

8. Advances to Suppliers

Advances to suppliers represents advance payment of medical equipment, furniture and software that are not yet delivered.

Advances to suppliers amounted to P 13,001 as of March 31, 2025.

9. Prepayments and Other Current Assets

This account consists of:

	March 31, 2025 (Unaudited)	March 31, 2024(Unaudited)
Creditable VAT	₱	₱
Creditable Withholding Tax	5,568,845.89	
Prepaid Expenses	9,815,100.15	
Input Tax	9,446,368.67	
	₱ 24,830,314.71	₱ 0.00

10. Property and Equipment

	March 31, 2024(Unaudited)	Additions	Disposal	**March 31, 2025(Unaudited)**
Cost:				
Land	₱ 94,096,485	₱ 0	₱	₱ **94,096,485**
Building		960,029,146.85		**960,029,146.85**
Building Improvements		1,240,248.75		**1,240,248.75**
Construction Fund		9,000,000.00		**9,000,000.00**
Construction in progress	1,140,403,419		706,237,383.98	**434,166,035.02**
Machineries, Tools and Equipment	357,396,500	103,350,152.29		**460,746,652.29**
Kitchen, Canteen & Catering Equipment/ Utensils	28,411	78,910.5		**107,321.50**
Furnitures & Fixtures	63,940.050	22,187,797.25		**86,127,847.25**
Transportation equipment	4.474,826	0		**4,474,826.00**
Computerization	3,235,627	4,705.016.63		**7,940,643.63**
Linens and Uniforms	0	0		
Leasehold improvements				
	₱ 1,663,575,318	₱1,100,591,271.89	₱706,237,383.98	**₱2,057,929,205.89**
Accumulated depreciation:				
Machineries, Tools and Equipment	₱ 7,914,780	₱ 40,196,202.43	₱	₱ 48,110,982.43

Kitchen, Canteen & Catering Equipment/ Utensils	395	30,268.73		30,663.73
Building		24,000,728.68		24,000,728.68
Building Improvements		29,867.45		29,867.45
Furnitures & Fixtures	3,144,831	17,760,219.82		20,905,050.82
Transportation equipment	149,161	447,482.12		596,643.12
Computerization	356,511	1,238,708.78		1,595,219.78
Leasehold improvements				
	₱ 11,565,677	₱ 83,703,479.01	₱706,237,383.98	₱ 95,269,156.01
Net book value	₱ P1,652,009,641	₱1,016,887,792.79	₱706,237,383.98	₱1,962,660,049.88

Land pertains to properties located in Kalibo, Aklan with a total area of 9,500 square meters, where its hospital building is being constructed.

Construction in progress pertains to buildings under construction to be used as hospitals upon completion.

Beginning 2019, the Company entered into contracts with various contractors and suppliers for the construction of its hospital building.

As certified by construction managers, the estimated percentage of completion as at March 31, 2024 are as follows:

Description	**Progress Report**
Civil Structural Works	100%
Architectural & Fit-out Works	95.10%
Plumbing Works	96.40%
Fire Protection Works	93.62%
Electrical Works	100%
Mechanical Works	98.99%
Electronics & Auxiliary Works	100%
Medical Gas	99.80%
Site Development & Auxiliary Works	100%
Perimeter Fence & Road Networks	100%

Overall percentage completion of the construction of the hospital building as at March 31, 2025 is at 98.39%.

On November 15, 2021, the company signed a Mortgage Agreement with the Development Bank of the Philippines (DBP) for a loan to finance the construction of the hospital building and acquisition of medical instruments, furniture, and appliances. The Mortgage Agreement is secured by the land, building, and other permanent improvements now existing or which may thereafter exist thereon.

The carrying values of the mortgaged property amounted to P 1,952,436,444 as at March 31, 2025.

There was no amount of compensation received from any third parties for items of property and equipment that were impaired, lost or given up.

11. Accounts and Other Payables

This account consists of:

		March 31, 2025 (Unaudited)		March 31, 2024 (Unaudited)
Accounts payable	₱	140,467,257.91	₱	175,615,335.11
SSS/PHIC/HDMF payables		2,743,490.89		1,988,031.98
Withholding tax payable		3,811,197.35		1,121,086.41
Other payables		14,544,628.80		6,420,650.78
	₱	**161,566,574.95**	₱	**185,145,104.28**

12. **Retention Payable**.

Retention payable refers to the amount withheld by the company from the contractor's periodic progress billings as provided for in their respective contract. This amount will be released to the contractor, net of any deductions, upon full completion and final acceptance by the company.

Retention payable totaled P46,052,451 and P 48,196,598.83 as of March 31, 2025 and 2024, respectively.

13. Loans Payable

		March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
DBP	The Company availed long-term loans in tranches from DBP. The principal amount is payable quarterly beginning February 28, 2025, until November 29, 2033. The effective interest rate is 5% per annum and payable quarterly. All loans are secured by the Company's real properties (see Note 10). The loan proceeds were used to finance the construction of the hospital building.	1,100,000,000	1,100,000,000
DBP	The Company availed long-term loans in tranches from DBP. The principal amount is payable quarterly beginning May 10, 2024, until February 10, 2033. The effective interest rate is 6.40%per annum and payable quarterly. All loans are secured by the Company's real properties (see Note 10). The loan proceeds were used to finance the medical instruments, furniture, and appliances.	300,331,881	331,400,696
Phil Pharmawealth Inc.	Short-term loans availed in 2023 are payable after one month from execution of the loan agreement and bearing an interest of 7% to 8.5% per annum. The loan proceeds were used to finance the construction of the hospital building and pay off	-	
Aklan Zion Ventures Inc.	Short-term loans are payable after one month from execution of the loan agreement and bearing an interest of 8.50% per annum. The loan		

proceeds were used to finance the construction of the hospital building and pay off advances used as bridge financing to construction.		
TOTAL	1,400,331,881	P1,441,400,696
Less current portion	41,068,815	
	P1,359,263,066	**P1,441,400,696**

Borrowing costs incurred from the loan amounted to P 7,030,76 in March 2025, and P8,949,909 for March 2024 were charged to operations.

14. Share Capital

This account consists of:

		March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)
Authorized share capital			
600 founders' share at P1,000 par value	₱	600,000.00₱	600,000.00
239,400 common shares at P1,000 par value		239,400,000.00	239,400,000.00
	₱	240,000,000.00₱	240,000,000.00
Subscribed Share Capital			
600 founders' share at P1,000 par value	₱	600,000.00₱	600,000.00
Less: Subscription Receivable		0.00	0.00
	₱	600,000.00₱	600,000.00
214,460 Common shares at ₱ 1,000.00 par value	₱	214,460,000.00₱	214,460,000.00
Less: Subscription Receivable		0.00	0.00
	₱	214,460,000.00₱	214,460,000.00
	₱	215,060,000.00₱	215,060,000.00

On January 26, 2021, the Company applied with the SEC for the registration of its 35,420 common shares to be sold at 10 shares per block which is equivalent to 3,542 blocks. The application was approved on June 24, 2021. Below are the details of registered common shares:

Date of Registration	Number of Blocks Licensed*	Issue/Offer Price Per Block
June 24, 2021	1,942	P250,000
June 24, 2021	1,200	300,000
June 24, 2021	400	350,000

**10 shares per block*

The founders' share has the exclusive right to vote and be voted upon in the election of directors for a limited period not to exceed five (5) years.

15. Gross Revenue

This account consists of:

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Inpatient and Outpatient	₱ 260,587,251.59	₱ 78,289,968
Pharmacy	6,930,545.41	11,974,696
Emergency	12,609,461.88	4,397,004
	₱ 280,127,258.88	₱ 94,661,668

The Company's revenue consists mainly of services for which revenues are recognized over time. The fulfillment of emergency and out-patient services takes one (1) day, while in-patient services take an average of six (6) days.

16. Cost of Services

This account consists of:

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Purchases	₱	₱ 17,081,621
Cost of Services		
Medical Supplies	18,723,030.90	-
Medicine Supplies	18,698,064.14	-
Salaries & Wages	4,969,449.44	22,560,121
Employees' Benefits	848,097.67	-
Professional and Consultancy Fees	62,750,375.82	31,696,860
Per Diem		-
Retainer's Fee	21,000.00	-
Insurance	5,680.08	-
OTHER LOSSES		-
Cost of Services – Ancillary Ambulance Fee	40,700.00	-
Repairs and Maintenance	89,286.07	-
Gas, Oil & Lubricants	9,500.00	-
Depreciation		5,071,984
SSS Premium Contribution	7,430.00	2,400,983
Philhealth Premium Contribution	227,175.00	-
Pagibig Premium Contribution	103,600.00	-
Travel and Transportation	74,985.32	-
Communication	68,920.44	-
Miscellaneous	261,575.00	-
Utilities Expense	234,014.04	4,805,548
Cost of waste disposal	1,391,270.11	-
Blood Processing Fee- Laboratory	66,600.00	-
Training/ Seminars		-
	109,914.10	
	₱ **108,700,668.13**	₱ 83,617,116

17. **General and Administrative Expense**

This account consists of:

		March 31, 2025(Unaudited)		March 31, 2024 (Unaudited)
Advertising & Promotion	₱		₱	117,349
Professional and Consultancy Fees		9,003,926.41		1,443,904
Salaries & Wages		34,227,130.22		9,663,838
Taxes, Fees and Charges		131,464.40		1,533,117
Gas, Oil & Lubricants		20,500.00		
Honorarium and Allowances and Per Diem		1,784,071.41		357,000
Meetings and Conferences		0		69,097
Trainings/ Seminars		51,392.86		98,852
Utilities Expense		7,981,482.66		3,164,631
Repairs & Maintenance		8,183.40		13,442
Miscellaneous Expense		45,605.14		26,077
Depreciation		19,318,580.65		1,324,881
SSS/PhilHealth/HDMF		4,439,415.00		1,028,993
Outside services		123,811.85		242,914
Supplies		564,608.73		762,064
Communication		540,345.6		
Representation		268,364.03		82,434
Periodicals, Magazines & Subscription		4,648.72		
Employees Benefits		0		
Travel & Transportation		0		50,534
Insurance		0		472,453
Freight Out/Delivery Expenses		500		
Permit and Licenses		410,713.48		
Bank Charges		601,653.15		
Other Services		0		
Notarial Fee		19,850.00		
Signing Bonus Expense		285,000.00		770,000
Meals		4,960.00		
Rent				
General Support Services		1,791,841.92		
	₱	81,628,049.630	₱	21,221,580

18. Lease Agreement

The Company as a Lessee

The company signed a lease agreement with a stockholder for its office space. The lease began on February 28, 2018, and the company paid a monthly rent of P12,000. The lease was terminated in October 2023. As of March 31, 2025, the company has no remaining commitments under non-cancellable operating leases.

The Company as a Lessor

The Company has various non-cancellable agreements for leases of clinics and commercial spaces located within the Hospital to doctors and concessionaires for a period of not more than 1 year and with renewal options for another year as mutually agreed by both parties. Advance rent from these lease agreements amounted to P41,068,815 as at March 31, 2025 which is presented as Advances from Lessee in the statements of financial position.

Rent income arising from these lease agreements amounted to P669,475.46 as of March 312025 and P336,785.71 as of March 31, 2024.

19. Related Party Disclosure

A related party relationship exists when one party has the ability to control, either directly or indirectly through one or more intermediaries, the other party, or exercises significant influence over the other party in making financial and operating decisions. This relationship can also exist between entities that are under common control with the reporting enterprise, as well as its key management personnel, directors, or shareholders.

When considering each related party relationship, it's important to focus on the substance of the relationship, rather than just its legal form. Related parties may include both individuals and corporate entities.

The following are the details of related party transactions:

	Year	Classification	Terms and Conditions	Amount of the transaction	Outstanding Balance
Shareholders	March 31, 2025	Advances from Shareholders	Unsecured, unguaranteed, Non-interest bearing to 5% interest per annum, without definite call dates, and payable in cash of thru debt-equity conversion or future availment of stock rights and option	₱ 22,382,753	₱ 306,777,102
	March 31, 2024			₱ 128,888,544	₱ 184,983,588
Phil Pharmawealth Inc.,	March 31, 2025	Loans Payable	Unsecured, interest bearing, payable in installment, payable after one month from execution of the loan agreement.	₱ -	₱ -
	March 31, 2024			₱ -	₱ -
	March 31, 2025	Finance Cost		₱ -	₱ -
	March 31, 2024			₱ -	₱ -
Shareholder	March 31, 2025	Rent	Unsecured, noninterest-bearing, payable monthly	₱ -	₱ -
	March 31, 2024			₱ -	₱ -
Aklan Zion Ventures Inc.,	March 31, 2025	Loans payable	Unsecured, noninterest-bearing, payable after one month from execution of the loan agreement	₱	₱
	March 31, 2024			₱ 10,000,000	₱ 10,000,000

Aklan Zion Ventures Inc.,	March 31, 2025	Finance Cost	₱	-	₱	-
	March 31, 2024		₱	83,836	₱	-

The following are other relevant related party disclosures:

Identification	Relationship	Business Purpose of Arrangement	Commitments
Shareholders	Shareholder	Advances from shareholders in support for the Company's hospital building construction requirements.	Acknowledgment Receipt
Aklan Zion Ventures	Other related party	Loans from other related parties as support for the construction of Company's hospital building and pay-off advances.	Loan agreement
Phil Pharma wealth, Inc.	Other related party	Loans from other related party as support for the construction of Company's hospital building and pay- off advances used as bridge financing to construction.	Loan agreement
APMC- Bacolod	Other related party	Loans from other related party as support for the construction of Company's hospital building.	Loan agreement
Shareholder	Shareholder	The shareholder, leased a temporary office space to the company.	Lease Contract

Compensation of Key Management Personnel

The summary of compensation of key management personnel of the Company is as follows:

		March 31, 2025 (Unaudited)		March 31, 2024(Unaudited)
Honorarium and per Diems	₱	1,785,571.41	₱	1,570,000
Salaries and Wages		39,196,579.66		177,000
	₱	40,982,151.07	₱	1,747,000

20 **Income Tax**

The Company is registered with the Board of Investments (BOI) as a New Operator of General Hospital Level 2 under Corporate Recovery and Tax Incentives for Enterprises Act (R.A. 11534) and the Omnibus Investments Code of 1987 (Executive Order No. 226) on October 23, 2023.

The BOI registered project activity of the Company is entitled to the following incentives:

- six (6) years income tax holiday (ITH);
- followed by five (5) years of enhanced deductions from the actual start of commercial operation; and;
- eleven (11) years duty exemption on importations.

The Company started its commercial operation in December 2023.
The current provision for income tax represents MCIT.

As at December 31, 2024, the Company has NOLCO and MCIT for taxable years 2024 and 2022 which can be carried forward as a deduction on taxable income and income tax liability, respectively, for the next three consecutive taxable years immediately following the year of such loss, under certain conditions, as provided under Section 34(D) of the Tax Code. Details are as follows:

Date Incurred	Amount	Applied/ Expired	Remaining Balance	Expiry Date
NOLCO December 31, 2022	P17,507,127	P–	P17,507,127	2026
MCIT December 31, 2024	P128,502	–	P128,502	2027

As at December 31, 2024, the Company has NOLCO in taxable years 2021 and 2020 which can be carried forward as a deduction for the next five consecutive taxable years immediately following the year of such loss, pursuant to the Bayanihan to Recover As One Act. Details are as follows:

Date Incurred	Amount	Applied/ Expired	Remaining Balance	Expiry Date
December 31, 2021	P24,642,317	P–	P24,642,317	2026
December 31, 2020	10,637,799	–	10,637,799	2025
	P35,280,116	**P–**	**P35,280,116**	

The management believes that the Company will not be able to realize the NOLCO in the future. The Company provided full valuation allowance on its NOLCO, thus no deferred tax asset was set up.

The components of the Company's unrecognized deferred tax assets account are as follows:

	2024	2023
NOLCO	**P11,590,531**	P13,196,811
MCIT	**128,502**	–
	11,719,033	13,196,811
Less valuation allowance	**11,719,033**	13,196,811
	P–	P–

There were no common stock equivalents outstanding that would require calculation of diluted earnings per share.

21 Income Per Share

Basic income (loss) per share is computed as follows:

		March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Net Income(Loss)	₱	49,215,407₱	(P27,405,036.61)
Weighted Average number of shares outstanding		**215,060**	215,060.00
Basic Earnings(Loss) per share	₱	228.85₱	(127.43)

There were no common stock equivalents outstanding that would require calculation of diluted earnings per share.

22. **Changes in Liabilities Arising from Financing Activities**

The following table summarizes the changes in liabilities arising from financing activities:

	March 31, 2025 (Unaudited)	Cash Flow	March 31, 2024 (Unaudited)
Advances from shareholders	306,777,102	91,179,529	P184,983,587
Loans payable	41,068,815	392,983,478	1,441,400,696
	347,845,917	484,163,007	1,626,384,283

23. **Events After the End of the Reporting Period**

No events occurred between the statements of financial position date and the date on which these financial statements were approved by the Company's Board of Directors that would require adjustments to or disclosure in the financial statements.

Other Matters

For the quarter, there were no significant events or transactions affecting the Company’s financial condition or performance that haven’t already been reported in the financial statements. Below are specific points regarding the Company’s status:

- **Estimates:**

  There were no notable changes in accounting estimates used by the Company. These estimates continue to reflect management’s best judgment.

- **Subsequent Events:**

  After the end of the quarter, no major events occurred that would affect the information presented in the interim financial statements.

- **Company Structure:**

  There were no changes in the Company’s structure. This means that there were no mergers, acquisitions, or disposals that affected the Company’s composition.

- **Contingent Liabilities and Assets:**

  There were no updates or changes in contingent liabilities or assets. This includes any possible obligations or potential gains that are not yet certain.

- **Material Contingencies:**

  The Company did not encounter any significant risks or uncertainties, nor were there any unusual events or transactions that could have a major impact on its financial situation.

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.
(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)
Aging of Loans and Other Receivables
AS OF March 31, 2025
(Amounts in Philippine Peso)

	TOTAL	1 Month	2-3 Mos.	4-6 Mos.	7 mos to 1 year	1 - 5 Years	5 Years and Above	Nature and Description	Collection Period
Advances to contractors	**29,959,433**		-	–	**29,959,433**		–	Downpayment to contractors liquidated via deduction every billing	One year
Advances to Supplier	**13,001**		–	–	**13,001**		–	subject for collection	On-demand
Prepayments and other current assets	**24,830,315**	24,830,315						subject for collection	On-demand
TOTAL	**54,802,749**	24,830,315	0.00	0.00	29,972,434	0.00	0.00		

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.
(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)
Schedule of Financial Soundness Indicators
March 31, 2025

Financial KPI	DEFINITION	March 31, 2025 (Unaudited)	March 31, 2024(Unaudited)
Current Ratio	Current Asset / Current Liabilities	0.48	0.78:1
Acid test ratio	Current Asset less Inventory and Prepayments / Current Liabilities	0.40	0.75:1
Net Debt-to-equity ratio	Total Liabilities- Cash / Total Equity	6.90	9.03
Debt-to-equity ratio	Total Liabilities / Total Equity	7.15	9.51:1
Asset-to-equity ratio	Total Assets / Total Equity	8.15	10.51:1
Return on assets	Net Income / Average Total Assets	-0.02	-0.16
Return on equity	Net Income / Average Total Equity	-0.21%	-14.00%
Net profit margin	Net Income / Total Revenue	-0.20%	-3%
Operating EBITDA margin	Operating EBITDA / Net Revenue	.31%	-32%

ASIA PACIFIC MEDICAL CENTER (APMC) - AKLAN INC.

(Formerly Allied Care Experts (ACE) Medical Center - Aklan Inc.)

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

MARCH 31, 2025

DEFICIT	
Balance at beginning of the Period	**(226,993,980)**
Net Income	**49,215,407**
Balance at end of the Period	**(177,778,573)**

Annex “B

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations for the First Quarter ended March 31, 2025.

Discussion of Financial Condition and Results of Operation

Statements of Financial Position
March 31, 2025 and March 31, 2024

Cash and Cash Equivalents

The net cash and cash equivalents decreased by P29,021,614, or -30.60%, from P94,844,946 as of March 31, 2024, to P65,823,332 as of March 31, 2025. This decrease is primarily due to the significant increase in receivables, which indicates that a larger portion of revenues has not yet been collected in cash.

Receivables

The significant increase in receivables, totaling P124,614,509, is primarily driven by higher inpatient and outpatient volumes, as well as expanded coverage from PhilHealth, Health Maintenance Organizations (HMOs), and guarantee letters issued by key government and local entities such as the Department of Social Welfare and Development (DSWD), the Philippine Charity Sweepstakes Office (PCSO), and Local Government Units (LGUs). This growth in receivables highlights the hospital’s expanding patient base and the strengthened financial support from various health funding agencies, reflecting a strong alignment with both national and local healthcare priorities.

Inventories

As of March 31, 2025, the hospital's inventory of pharmaceuticals and medical supplies amounted to P19,089,796. This level of inventory represents a strategic investment in the hospital's operations, ensuring adequate stock to meet the increasing demands of a growing patient population. It comprises essential medications and medical supplies required across various departments, enabling the hospital to deliver consistent, high-quality care. Maintaining this inventory is critical to ensuring uninterrupted services and the hospital's readiness to respond efficiently to patient needs as operations continue to expand.

Prepayments and other current assets

The decrease in prepayments for the period from P81,024,516 was primarily due to the application and utilization of Input Taxes, Creditable VAT, and Creditable Withholding Tax against current obligations. Additionally, there was a reduction in the company's Prepaid Expenses, contributing further to the overall decline.

Accounts and Other Payables

A comparison between March 31, 2025, and March 31, 2024, shows a decrease of 12.73% in accounts and other payables, from P185,145,104 to P161,567,646. This decline is primarily due to the settlement of outstanding obligations from prior periods, including payables related to the purchase of medicines, medical supplies, and essential equipment for various departments. The reduction reflects the hospital’s efforts to manage its liabilities and improve cash flow.

Retention payable

The P23,577,458 reduction in retention payable is attributed to the release of funds to contractors for completed projects, including wastewater treatment, electronics and auxiliary systems, and civil and structural works.

Advances from Shareholder

The increase of P121,793,514 in shareholder advances reflects a substantial and valuable source of funding that has significantly supported the hospital's operational needs. This additional capital from shareholders demonstrates their commitment to sustaining the hospital's financial stability and enabling it to meet both ongoing operational expenses and potential growth opportunities. Such advances are essential in maintaining smooth operations, particularly in addressing rising costs associated with patient care, staffing, and facility maintenance. This infusion of shareholder funds not only reinforces financial resilience but also enhances the hospital's capacity to deliver quality healthcare services.

Statements of Comprehensive Income

March 31, 2025 and March 31, 2024

Gross Revenue

The increase in gross revenue by P185,465,591 or 195.92% reflects the hospital's expanding patient base and the broadening range of medical services offered. This growth was significantly supported by the opening of additional floors at APMC-Aklan, dedicated to specialized services, which enabled the hospital to accommodate a greater volume of patients. The expansion also led to an increase in referrals from other healthcare providers seeking specialized treatment options, further strengthening revenue streams and reinforcing the hospital's position as a regional center for advanced care.

General and Administrative Expenses

The operation of additional floors and the expansion of healthcare services have resulted in a P60,516,384 increase in general operating expenses. This rise is primarily driven by substantial financial investments in construction, renovation, and the procurement of medical facilities and equipment. Additionally, the maintenance of the expanded infrastructure has led to higher utility and upkeep costs. The hospital also hired more medical and support personnel to meet the demands of its broader range of services, further contributing to the increase in operational expenses.

Income for the Period

Driven by increased patient volume, a rising number of referrals, and an expanded range of medical services, the hospital achieved a net income of P49,215,407 as of March 31, 2025. This marks a significant turnaround from the net loss of P27,405,034.61 recorded as of March 31, 2024, highlighting a substantial improvement in both profitability and operational performance over the past year.

<u>Discussion of Top Five (6) Key Performance Indicators</u>

Discussed below are the key performance indicators of the Company:

Current/Liquidity Ratios

To support hospital operations and meet short-term obligations, management has adopted a strategy focused on closely monitoring the collection of receivables from patients and third-party payers, including insurance companies and government health programs such as PhilHealth (PHIC), the Department of Social Welfare and Development (DSWD), the Philippine Charity Sweepstakes Office (PCSO), and Local Government Units (LGUs). However, despite these efforts, the company's current ratio declined from 0.78 as of March 31, 2024, to 0.48 as of March 31, 2025, indicating ongoing challenges in covering current liabilities with available short-term assets.

Meanwhile, the hospital's quick ratio improved from 0.24 to 0.34, reflecting a modest enhancement in liquidity. Although the company still faces limitations in meeting immediate obligations, the improvement suggests better management of highly liquid assets and a slight strengthening of its short-term financial position compared to the previous year.

Solvency/Debt-to-equity ratios

As of March 31, 2025, the debt-to-equity ratio stood at 715%, an improvement from 951% on the same date in 2024. This decrease indicates a relative strengthening of the company's equity position compared to its debt level. While the company continues to rely significantly on debt to finance its expansion projects, the lower ratio suggests progress toward balancing its capital structure as equity improved over the year.

Profitability ratios

The company's operating income to profit margin ratio of 0.20 and gross profit ratio of 0.48 as of March 31, 2025, provide key insights into its financial performance. The operating income to profit margin ratio of 0.20 indicates that for every peso of revenue, the company retains 20 centavos after covering operating expenses, reflecting a modest but positive operating profitability.

Meanwhile, the gross profit ratio of 0.48 suggests that the company retains 48% of its revenue after accounting for direct costs of services, indicating a healthy markup on services rendered. These ratios show that the company remains profitable, but there is still room for improvement through enhanced operational efficiency, cost control, and more effective debt management.

Asset to equity ratio

As of March 31, 2025, the company's ratio stood at 8.15, reflecting a notable decrease from 10.51 in 2024. This decline indicates a slight improvement in the company's capital structure, with equity growing at a faster rate relative to total assets compared to the previous year. However, the ratio remains elevated, suggesting the company still maintains a high level of financial leverage. The substantial asset base continues to be driven by the company's expansion plans, which have required significant borrowing to fund ongoing projects and operational growth.

Return on Assets

As of March 31, 2025, the company's return on assets ratio improved to 0.02, up from -0.02 on March 31, 2024, reflecting a year-over-year change of 0.04. While this represents a positive shift, the ratio remains relatively low, suggesting that the company is still facing challenges in generating profits from its assets. The financial performance is primarily impacted by the company's reliance on debt as leverage.

Return on Equity

Between March 31, 2024, and March 31, 2025, the company's return on equity (ROE) improved significantly, rising from -0.10 to 0.21. This positive change reflects the company's ability to generate income over the period. The increase indicates that the company has begun to deliver profits on shareholder investments, signaling an improvement in profitability and a stronger return for shareholders.

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

	March 31, 2025 (Unaudited)		March 31, 2024 (Unaudited)	
A. Liquidity Ratio				
a. Current Ratio				
Current Asset	264,330,386	**0.48**	400,714,884	**0.78**
Current Liabilities	555,464,942		513,210,349	
b. Quick Ratio				
Cash + Receivables	190,437,841	**0.34**	123,938,555	**0.24**
Current Liabilities	555,464,942		513,210,349	
B. Debt to Equity Ratio				
Total Liabilities	1,955,796,823	**7.15**	1,859,725,987	**9.51**
Total Equity	273,710,927		195,515,853	
C. Net Debt to Equity Ratio				
Total Liabilities - Cash	1,889,973,490.88	**6.90**	1,764,881,041	**9.03**
Total Equity	273,710,927		195,515,853	
D. Gross Profit Ratio				
Gross Profit	134,669,748	**0.48**	1,372,081.58	**0.01**
Gross Revenue	280,127,259		94,661,667.79	
E. Net Income from Operations to Profit Margin Ratio				
Income from Operations	56,246,176	**0.20**	(18,455,125.75)	**-0.20**
Gross Revenue	280,127,259		94,661,667.79	
F. Asset to Equity Ratio				
Total Assets	2,229,507,750	**8.15**	2,055,241,840	**10.51**
Total Equity (including non-controlling interest)	273,710,927		195,515,853	
G. Profitability Ratio				
a. Return on Assets				
Net Income	49,215,407	**0.02**	(27,405,034.61)	**(0.02)**
Total Average Assets	2,142,374,795.16		1,670,701,269	
b. Return on Equity				
Net Income	49,215,407	**0.21**	(27,405,034.61)	**(0.10)**
Total Average Equity	234,613,389.88		270,024,460	

Discussion and Analysis of Material Events and Uncertainties

1.**Liquidity Challenges Due to Operational Expansion**

The company's current and quick ratios have shown improvement but remain below the ideal threshold of 1.0, indicating liquidity constraints. This is consistent with the company's recent expansion, including the opening of additional floors, which has driven up current liabilities more than current assets. The need for increased funding to support higher operational capacity has required the company to acquire more medical supplies and medicine on credit, impacting liquidity ratios. While the expansion supports growth, it also highlights the importance of careful liquidity management to meet short-term obligations.

2.No Off-Balance Sheet Transactions or Relationships

The analysis shows that the company's financial position heavily relies on debt, as reflected in high debt-to-equity ratios. However, there is no indication of off-balance sheet transactions or undisclosed relationships that could add hidden financial risk. This aligns with the statement that the company has not engaged in any major off-balance sheet arrangements, ensuring transparency in its disclosed liabilities.

3.No Material Impact on Income from Continued Operations

The return on assets and operating profit margins indicates stable performance, without any significant changes that would materially impact income from continued operations. The consistency in gross profit margins and the moderate improvement in net income ratios suggest that the company has maintained steady operational profitability. This supports the statement that no known trends or uncertainties are expected to materially affect income from ongoing operations.

4.Significant Capital Expenditures

The increase in debt-to-equity and asset-to-equity ratios indicates substantial capital expenditures, likely to support expansion initiatives. The new floors and additional medical facilities contribute to a larger asset base and higher debt obligations. This aligns with the statement that the company made significant capital expenditure commitments during the reporting period, highlighting its focus on growth through increased capacity, albeit with higher financial leverage.

5.Seasonal Impact on Financial Performance

As a hospital, the company is likely to experience seasonal fluctuations that impact patient volumes and revenue generation. For instance, patient admissions and demand for services typically rise during certain times, such as flu season or during health outbreaks. Although the provided data does not explicitly reveal these fluctuations, the nature of the healthcare industry suggests that seasonality could materially influence financial performance. Monitoring these seasonal trends and their impact on the hospital's revenue, expenses, and cash flows will be crucial for better understanding and managing these variations in future reporting periods.