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**Asia Pacific Medical Center - Iloilo, Inc. (formerly: Allied Care Experts (ACE) Medical Center-Iloilo Inc).\_17-Q\_14 November 2024**

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**MSRD Submission** <msrds submission@sec.gov.ph>  
To: APMC CORPSEC <corpsec@apmciloilo.com>

Fri, Nov 15, 2024 at 2:32 PM

Gentlemen:

Acknowledging receipt of your email below with its attachments.

Thank you.

P.S. For future emails, kindly send it at [msrds submission@sec.gov.ph](mailto:msrds submission@sec.gov.ph)

Regards,

/SPO

**MARKETS AND SECURITIES REGULATION DEPARTMENT**

PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

The SEC Headquarters, 7907 Makati Avenue, Salcedo Village,

Barangay Bel-Air, Makati City 1209

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**4 attachments**

-  **SEC COVER SHEET 17-Q 3RD QRTR-APMCI.pdf**  
46K
-  **NOTARIZED SEC CERTIFICATION- 17Q 3RD QRTR-APMCI.pdf**  
537K
-  **17Q-3RD QRTR- APMCI 2024.pdf**  
364K
-  **ANNEX A APMCI 17Q 3RD QRTR 2024.pdf**  
916K

# COVER SHEET

SEC Number **CS201423954**

File Number \_\_\_\_\_

**ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.**  
**(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)**  
(Company's Full Name)

**Brgy. Ungka, Jaro, Iloilo City 5000**  
(Company's Address)

**Tel # 321-57-48/0917-523-4802**  
(Company's Telephone Number)

**2024 December 31**  
(Fiscal Year Ending-Month and Day)

**17-Q (3rd Qtr)**  
(FORM TYPE)

**September 30, 2024**  
(Period Ended Date)

\_\_\_\_\_  
(Amendment Designation, if Applicable)

**Issuer of Securities**  
(Secondary License Type, if any)

REPUBLIC OF THE PHILIPPINES)  
CITY & PROVINCE OF ILOILO ) S.S.

**Certification**

I, **AMADO M. LAVALLE JR.**, **PRESIDENT** of **Asia Pacific Medical Center – Iloilo, Inc.** (formerly **Allied Care Experts (ACE) Medical Center-Iloilo Inc.**), with SEC registration number **CS201423954** with principal office at **Barangay Ungka, Jaro, Iloilo City**, on oath state:

- 1) That on behalf of **Asia Pacific Medical Center – Iloilo, Inc. (formerly Allied Care Experts (ACE) Medical Center-Iloilo Inc.)**, I have caused this **17-Q 3<sup>rd</sup> Quarter** dated 14 November 2024 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 – Iloilo, Inc. (formerly Allied Care Experts (ACE) Medical Center-Iloilo Inc.)**, will comply with the requirements **set forth in SEC Memorandum Circular No. 18 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 14<sup>th</sup> day of November 2024 at Iloilo City.

**AMADO M. LAVALLE JR.**

Affiant

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of 14 NOV 2024 at Iloilo City, Philippines, affiant exhibiting to me his PRC ID # 0068822 issued at Iloilo.

NOTARY PUBLIC

Doc. No. 376  
Page No. 77  
Book No. III  
Series of 2024.

**ATTY. DON CHRISTIAN B. YCAY**

NOTARY PUBLIC  
For the City and Province of Iloilo  
Not. Comm. Reg. 152 until December 31, 2024  
Suite 201-203, 2nd Floor, Lolita Building  
Corner Quezon-Gen. Luna Streets, Iloilo City  
IBP No. 373881, 12/25/23, Pasig City  
PTR No. 7152385, 01/03/24, Iloilo City  
Roll of Attorneys No. 80063  
MCLE Compliance No. VIII-0004276, 10/11/23, Pasig City

**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 30 September 2024
2. Commission identification number CS201423954 3. BIR Tax Identification No: 008-922-703.

**ASIA PACIFIC MEDICAL CENTER (APMC) – ILOILO, INC. (Formerly Allied Care Experts  
(ACE) Medical Center – Iloilo, Inc.)**

4. Exact name of issuer as specified in its charter

Iloilo City, Philippines

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

6. Industry Classification Code:  (SEC Use Only)

Brgy. Ungka, Jaro, Iloilo City

5000

7. Address of issuer's principal office

Postal Code

8. Issuer's telephone number, including area code: (033) 3215748/09175234802

9. N.A.

Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of Shares Outstanding	Amount of Debt
Founder Shares	600	
Common Shares	240,000	
Debt Outstanding		P1,866,777,058

11. Are any or all of the 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:

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 1. Financial Statements.

The Unaudited Financial Statements (FS) of the Company as of and for the 6 months ended September 30, 2024, are incorporated herein. (see Annex A)

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

#### Management Discussions and Analysis (MD&A) or Plan of Operations

#### **I. RESULTS OF OPERATIONS (September 30, 2024, vs September 30, 2023)**

	30-Sep-24	30-Sep-23	Horizontal Analysis		Vertical Analysis	
			Inc./ (Dec.)	%	30-Sep-24	30-Sep-23
Revenue	P202,321,838	P -	P202,321,838	100.00%	100.00%	NA
Direct Cost	(179,743,467)	-	(179,743,467)	100.00%	88.84%	NA
Gross Loss	22,578,371	-	22,578,371	100.00%	11.16%	NA
Other Income	1,236,580	17,524	1,219,056	6956.49%	0.61%	NA
Gross Loss	23,814,951	17,524	23,797,427	135799.06%	11.77%	NA
General and Admin Expenses	(161,316,487)	(69,818,199)	91,498,288	131.05%	79.73%	NA
Loss From Operations	(137,501,536)	(69,800,675)	(67,700,861)	96.99%	-67.96%	NA
Finance Cost	(86,683,013)	(37,001,509)	(49,681,504)	134.27%	42.84%	NA
Net Loss Before Income Tax	(224,184,549)	(106,802,184)	(117,382,365)	109.91%	-110.81%	NA
Income Tax Expense	-	-	-	0.00%	0.00%	NA
<b>Total Comprehensive Loss for the Year</b>	<b>(P224,184,549)</b>	<b>(P106,802,184)</b>	<b>(P117,382,365)</b>	<b>109.91%</b>	<b>-110.81%</b>	<b>NA</b>

#### **Revenue, Cost of Hospital Services and Gross Margin**

As of the 3rd quarter period ending September 30, 2024, revenue amounted to P202.32M, which exceeds the direct costs, comprises the cost directly attributable to the hospital services, amounted to P179.74M and resulted to a gross margin of Php23.81M. This favorable revenue can be attributed to an increase in hospital admissions due to the dengue outbreak last August 2024. During this period, Hospital earned revenues from Room Admissions amounted to P74.47M (37%), Pharmacy amounted to P54.26M (26.80%), Pathology P27.47M (13.5%), Central Supplies P15.18M (7.5%), Imaging P12.01M (6.0%), Pulmonary P7.83M (3.8%) and other hospital services P11.10M (5.4%).

#### **Other Income**

Other income is mostly derived from interest income earned from banks and other miscellaneous income amounting to P1,436.54 and P1.20M respectively, as of September 30, 2024.

## General and Administrative Expenses

As at September 30, 2024, General and Admin Expenses amounted to P161.31M which is higher by P91.50M (131.05%) compared to last year. This increase can be attributed to the following breakdown of expenses:

	3rd Quarter Ending		Horizontal Analysis	
	30-Sep-24	30-Sep-23	Inc./(Dec.)	%
Salaries and Wages	77,122,694	40,588,051	36,534,643	90.01%
Utilities Expenses	33,747,740	5,060,214	28,687,526	566.92%
SSS, PHIC and HDMF Contributions	11,257,346	4,593,517	6,663,829	145.07%
Security Services	9,093,796	660,508	8,433,288	1276.79%
Taxes and Licenses	6,811,662	6,344,689	466,973	7.36%
Housekeeping Expense	6,656,552	-	6,656,552	100.00%
Depreciation	5,824,030	2,033,455	3,790,575	186.41%
Office Supplies	4,067,701	3,660,589	407,112	11.12%
Board meetings and conferences	1,636,667	2,577,030	(940,363)	-36.49%
Professional Fees	1,426,335	1,998,552	(572,217)	-28.63%
Advertising Expenses	749,906	591,167	158,739	26.85%
Training, Workshop, Seminar	655,064	304,339	350,725	115.24%
Communication Expenses	550,342	332,900	217,442	65.32%
Outside Services	485,414	163,869	321,545	100.00%
Repairs and Maintenance Expenses	366,719	103,979	262,740	252.69%
Entertainment and Representation Expenses	209,839	-	209,839	100.00%
Membership and Subscription Expenses	152,583	-	152,583	100.00%
Transportation and Travel Expenses	135,108	202,125	(67,017)	-33.16%
Fuel, Oil and Lubricants Expenses	98,079	-	98,079	100.00%
Bank Service Charge	84,168	10,533	73,635	699.09%
Stationaries And Printing	21,433	-	21,433	100.00%
Rental Expense	12,632	3,500	9,132	260.91%
Miscellaneous Expenses	150,675	589,182	(438,507)	-74.43%
<b>TOTAL</b>	<b>P161,316,487</b>	<b>P69,818,199</b>	<b>P91,498,288</b>	<b>131.05%</b>

As shown in the above comparative schedule, the material movements were noted on Salaries and Allowances (P36M or 90.0%); Utilities (P28.70M or 566.90%); and SSS, PHIC, and HDMF Contributions (P6.65M or 145.0%). These can be attributed to the increase in the manpower, utilization of power and water as the hospital has already begun its operation.

## Finance Costs

These are the interest expenses on bank and related party loans. As of September 30, 2024, finance costs amounted to P55.75M for long-term bank loan and P30.93M for related-party loan.

## Net Losses for the Period

Although in the 3<sup>rd</sup> quarter of the year, the revenues increased, the cost of operations still exceeded the revenue earned for the period. It has been a vital challenge to the hospital to increase the number of patient admissions to sustain its daily operation. The Hospital believes and positive to see reversals of these challenges in the upcoming quarters and through the years as we continue providing quality health-care services to the people.

## II. STATEMENT OF FINANCIAL CONDITION (September 30, 2024, vs December 31, 2023)

	Horizontal Analysis				Vertical Analysis	
	30-Sep-24	31-Dec-23	Inc./(Dec.)	%	30-Sep-24	31-Dec-23
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalent	P3,232,567	P4,998,949	(P1,766,382)	-54.64%	0.13%	0.20%
Trade Receivables	59,445,549	1,245,099	58,200,450	97.91%	2.38%	0.05%
Inventory	13,974,852	2,709,764	11,265,088	80.61%	0.56%	0.11%
Other Receivables	8,161,866	6,713,476	1,448,390	17.75%	0.33%	0.27%
Advances to Contractors	49,178,460	50,397,948	(1,219,488)	-2.48%	1.97%	2.05%
Advances to Suppliers	18,941,437	7,766,188	11,175,249	59.00%	0.76%	0.32%
Prepayments and other current assets	18,725,436	1,822,143	16,903,293	90.27%	0.75%	0.07%
<b>TOTAL CURRENT ASSETS</b>	<b>171,660,167</b>	<b>75,653,567</b>	<b>96,006,600</b>	<b>55.93%</b>	<b>6.88%</b>	<b>3.08%</b>
<b>NON-CURRENT ASSETS</b>						
Property and Equipment (net)	459,158,347	527,822,795	(68,664,448)	-14.95%	18.41%	21.52%
Construction-In-Progress	1,818,785,990	1,805,205,972	13,580,018	0.75%	72.94%	73.60%
Advances to Related Party	39,030,125	39,030,125	-	0.00%	1.57%	1.59%
Other Non-Current Assets	5,035,000	5,015,000	20,000	0.40%	0.20%	0.20%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,322,009,462</b>	<b>2,377,073,892</b>	<b>(55,064,430)</b>	<b>-2.37%</b>	<b>93.12%</b>	<b>96.92%</b>
<b>TOTAL ASSETS</b>	<b>P2,493,669,629</b>	<b>P2,452,727,459</b>	<b>P40,942,170</b>	<b>1.64%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable and Other Liabilities	P349,144,557	P204,702,364	P144,442,193	41.37%	14.00%	8.35%
Loans Payable to Individuals	15,703,226	20,342,700	(4,639,474)	-29.54%	0.63%	0.83%
Notes Payable - Current Portion	15,000,000	15,000,000	-	0.00%	0.60%	0.61%
<b>TOTAL CURRENT LIABILITIES</b>	<b>379,847,783</b>	<b>240,045,064</b>	<b>139,802,719</b>	<b>36.80%</b>	<b>15.23%</b>	<b>9.79%</b>
<b>NON-CURRENT LIABILITIES</b>						
Loans Payable to Related Party	528,334,969	393,434,969	134,900,000	25.53%	21.19%	16.04%
Notes Payable - net of Current Portion	958,594,306	970,594,306	(12,000,000)	-1.25%	38.44%	39.57%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,486,929,275</b>	<b>1,364,029,275</b>	<b>122,900,000</b>	<b>8.27%</b>	<b>59.63%</b>	<b>55.61%</b>
<b>TOTAL LIABILITIES</b>	<b>1,853,126,010</b>	<b>1,604,074,339</b>	<b>249,051,671</b>	<b>14.07%</b>	<b>74.86%</b>	<b>65.40%</b>
<b>EQUITY</b>						
Share Capital (net)	239,960,000	239,960,000	-	0.00%	9.62%	9.78%
Share Premium	956,320,162	953,896,162	2,424,000	0.25%	38.35%	38.89%
Retained Earnings/(Deficit)	(569,387,591)	(345,203,0142)	(224,184,549)	39.37%	-22.83%	-14.07%
<b>TOTAL EQUITY</b>	<b>626,892,571</b>	<b>848,653,120</b>	<b>(221,760,549)</b>	<b>-35.37%</b>	<b>25.14%</b>	<b>34.60%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P2,493,669,629</b>	<b>P2,452,727,459</b>	<b>P40,942,170</b>	<b>1.64%</b>	<b>100.00%</b>	<b>100.00%</b>

## **Assets**

As at September 30, 2024, the Company's total assets amounted to P2.493B, which is classified in to current and non-current assets amounted to P171.66M (6.88%) and P2.322B (93.12%), respectively.

The non-current assets amounting to P2.322B billion consists of the following:

### **Construction in progress**

Pertains to the construction of the hospital building. As of to date, the hospital is 100% complete. As of this period, construction in progress account increased by P13.58 million or 0.75%, which represents the costs incurred to complete the construction of the hospital building and to fully prepare it for full-swing operations.

### **Property and Equipment**

As at September 30, 2024, property and equipment was reduced due to depreciation for the period amounting to P5.82M. Depreciation was mostly attributed to medical and hospital equipment amounting to P74.86M, and was classified as Direct Cost.

### **Advances to Related Party**

Advances to related party has no movement as of end the 3rd quarter period September 30, 2024.

### **Other Non-Current Assets**

This account represents deposits to MORE POWER Corporation (Php5.00M), Iloilo Medical Society (Php15,000) for office rent and DOH application requirement for Drug testing services (Php20,000).

The current assets consist of the following:

### **Cash and Cash Equivalents**

The Company's cash has been utilized to sustain its daily operations and payments of its debt obligation. Although the 3rd quarter of the year resulted a favorable revenue, cost of sustaining its daily operations also increased. The hospital is positive to overcome these challenges in the upcoming quarters and through the years as we continue providing quality healthcare services to the people.

### **Inventory**

Inventory account consists of general hospital maintenance supplies, medical and laboratory supplies and drugs and medicines amounted to P1.71M, P1.04M and P11.23M, as of September 30, 2024, respectively.

### **Trade and Other Receivables**

As of September 30, 2024, trade and other receivables increased by P59.64M or 115.65%. This can be attributed to an increase in hospital admissions due to benefits availed from PHIC, HMO's and other government assistance. As of September 30, 2024, PHIC, HMOs and other Government Assistance amounted to Php26.00M, P16.05M and P12.23M, respectively.

### **Advances to contractors and suppliers**

Advances to contractors represent advances for each project awarded and are liquidated via deduction, on a pro-rata basis, from the contractor's periodic progress billings. This account decreased by P1.20M (-2.48%) as the building is almost completed thus incurring less cost as compared to the previous year. Advances to suppliers increased by P11.17M or by 59%, these represent down payments made to suppliers of medical equipment and/or construction materials as at end of the 3<sup>rd</sup> quarter period.

### **Prepayments and other Current Assets**

This pertains to prepaid insurance amounting to P3.84M; Input VAT and prepaid input VAT total amounting to P12.63M; and Prepaid Taxes and Licenses amounting to P2.25 million. The balance represents the remaining unutilized cost of insurance, taxes and licenses, and excess of input over output VAT as at end of 3<sup>rd</sup> quarter period.

### **Liabilities**

As of September 30, 2024, the Company's total liabilities amounted to Php1.866B which represents 74.86% of its resources.

Breakdown of liabilities are as follows:

### **Accounts Payables and Other Liabilities**

This account consists of the following: Accounts payable - contractors and suppliers amounting to P177.83M; Retention Payable amounting to P33.48M; Accrued Interest Payable P47.56M; and other payables amounting to P90.27M.

### **Loans Payable to Related Parties**

These are loans extended by Phil Pharmawealth, Inc. (PPI) to the Company. As of September 30, 2024, the balance stands at P528.33M. These loans were granted to help pay off company obligations.

### **Loans from Individuals**

These are loans paid to the Company to help in the construction of the hospital building. These are gradually liquidated whenever funds are available. As at September 30, 2024, the balance is at P15.70M.

### **Notes Payable (LBP)**

As at September 30 2024, total loans provided by LBP amounted to P1.060 billion. To date, the outstanding bank loan is at P973.59M.

### **Equities**

Total equity decreased by P221.76M or 35.37% as of the end of 3<sup>rd</sup> quarter September 30, 2024, this can be attributed to the deficit incurred for the 3<sup>rd</sup> quarter period amounting to P569.39M.

### III. FINANCIAL SOUNDNESS INDICATOR (SEPTEMBER 30, 2024 VS SEPTEMBER 30, 2023)

#### Key Performance Indicators

Financial KPI	Definition	30-Sep-24	31-Dec-23	Remarks
<b>1. Liquidity</b>				
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.19	0.05	As of the 3rd quarter ending September 30, 2024, the quick asset ratio has increased due to an increase in hospital admissions. However, this increase is still not enough to meet its current obligations such as salaries and wages, utilities and payments to contractors and suppliers.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.45	0.32	As of the 3rd quarter period ending September 30, 2024, current assets improved following the increase in sales. The increase in sales leads to an increase in collections and receivables attributed to patient admissions availed of benefits from Philippine Health Insurance Corporation (PHIC), HMOs and other government assistance.
<b>2. Solvency</b>				
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	2.37 : 1	1.61 : 1	The increase in long-term debt is due to additional loans extended to the hospital, while collections from sales are not yet sufficient to cover the cost of monthly operations.
<b>3. Leverage</b>				
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.68 : 1	0.65 : 1	There has been a slight increase in total liabilities compared to total assets. The hospital is still in debt to Land Bank for loans used for constructing the building and acquiring state-of-the-art medical equipment. The increase in liabilities also includes current liabilities.
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	3.98 : 1	2.89 : 1	This increase in ratio shows that most of the company's assets are being acquired through loans and borrowings.
<b>4. Profitability</b>				
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	0.00	0.00	Currently, the revenue earned from its operations is insufficient to generate a net profit. However, it is expected that once the hospital operates at full bed capacity and maximizes its sales, it will eventually have a net income after three years of operation.
Return on Equity	$\frac{\text{Net Income}}{\text{Stockholder's Equity}}$	0.00	0.00	Stockholders can expect to earn returns on their investment after the hospital generates net income.
2. Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests & Taxes}}{\text{Interest Expense}}$	0.00	0.00	The hospital, being newly operational, is currently unable to generate enough revenue to meet the company's interest payments for the month.

## **Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues or income**

### **As at September 30, 2024:**

1. There are no known material commitments for capital expenditure. Although the hospital now is trying to complete its list of equipment and machinery to provide better hospital services.
2. The company is doing its best to ensure that all its set goals, monetary or otherwise, are met and passed.
3. The hospital is likely to face variations in the seasons that affect patient volume and revenue creation. For example, during flu season or health outbreaks, patient admissions and service demand generally increase. Although the presented data does not directly show these fluctuations, the nature of the healthcare industry suggests that seasonality could have a significant impact on financial success. Monitoring these seasonal trends and their impact on the hospital's income, expenses, and cash flows will be critical for better understanding and managing these fluctuations in subsequent reporting periods.
4. There are no events or any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company.
5. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period.
6. A complaint was filed against Allied Care Experts Medical Center-Valenzuela, Allied Care Experts Medical Center- Pateros , Allied Care Experts Medical Center-Baypointe, Allied Care Experts Medical Center – Quezon City, Allied Care Experts (ACE) Medical Center- Baliwag and Asia Pacific Medical Center- Iloilo ( Formerly Allied Care Experts Medical Center- Iloilo) before the Insurance Commission (IC) for engaging in Pre-need activities without license. Ferdinand Kionisala declared that the benefits and privileges enjoyed by him or offered by any of the named respondents he impleaded on his complaint is not a pre-need contract, agreement, deed, nor plan contemplated under the law and that ACEMC – Cebu or any other respondent named ( which include ACEMC-Iloilo) are not engaged in pre-need business hence not required to secure a separate license for such before the insurance Commission. Kionsila filed a Motion for Reconsideration dated 25 November 2020 but was denied. Later on he filed for a special civil action for Certiorari under Rule 65 before the Court of Appeals alleging that the Insurance Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction. In his petition dated 04 February 2022, Mr. Kionisala prayed that the Court of Appeals set aside the letter dated December 11, 2018 and letter dated November 29 2021 be nullified and set aside and that the Insurance Commission be ordered to take appropriate action(s) against the private respondents for violating the Pre-Need Code of the Philippines.

In a resolution dated 26 July 2022, the Eighteenth (18th) Division of the Court of Appeals directed the petitioners to rectify the infirmity observed in the petition, within an inextendible period of ten (10) days from notice which is the submission of a mere plain photostatic copy of the assailed letter dated 11 December 2018. Petitioner has submitted its compliance on 22 September 2022 copy of which was received by APMC Iloilo on 19 October 2022. There is no update on the case thereafter.

As of 31 December 2023, to the knowledge and information of the Company, there are no pending material legal proceedings that involve APMCI or any of its properties aside from the aforementioned case. The company commenced its operations on November 13, 2023.

7. The company commenced its operations on November 13, 2023.
8. The company has no investment on foreign securities.

## PART II--OTHER INFORMATION

There are no additional material information to be disclosed which were not previously reported under SEC Form 17-C

### 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.

~~AMADO M. LAVALLE JR., MD~~  
~~PRESIDENT~~  
~~November 14, 2024~~

~~CRIST GORTES~~  
~~CHIEF FINANCE OFFICER~~  
~~November 14, 2024~~

**Asia Pacific Medical Center – Iloilo, Inc.**  
*(Formerly: Allied Care Experts (ACE) Medical Center  
- Iloilo Inc.)*

**Unaudited Interim Financial Statements**

As of and for the 3<sup>rd</sup> quarter period ended September 30, 2024  
(with comparative figures as at December 31, 2023 and for the 3<sup>rd</sup> quarter  
period ended September 30, 2023)

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2024, AND DECEMBER 31, 2023**  
(Amounts in Philippine Peso)

<b>ASSETS</b>	<i>Notes</i>	<b>2024 Unaudited</b>	<b>2023 Audited</b>
<b>CURRENT ASSETS</b>			
Cash	<i>6</i>	<b>₱3,232,567</b>	₱4,998,949
Receivables	<i>7</i>	<b>67,607,415</b>	7,958,575
Advances to contractors	<i>8</i>	<b>49,178,460</b>	50,397,948
Advances to suppliers	<i>8</i>	<b>18,941,437</b>	7,766,188
Inventories	<i>9</i>	<b>13,974,852</b>	2,709,764
Prepayments and other current assets	<i>10</i>	<b>18,725,436</b>	1,822,143
		<b>171,660,167</b>	75,653,567
<b>NON-CURRENT ASSETS</b>			
Property and equipment (net)	<i>11</i>	<b>459,158,347</b>	527,822,795
Construction-in-progress	<i>12</i>	<b>1,818,785,990</b>	1,805,205,972
Advances to related parties	<i>16</i>	<b>39,030,125</b>	39,030,125
Other assets	<i>24</i>	<b>5,035,000</b>	5,015,000
		<b>2,322,009,462</b>	2,377,073,892
<b>TOTAL ASSETS</b>		<b>₱2,493,669,629</b>	₱2,452,727,459
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	<i>13</i>	<b>₱349,144,557</b>	₱204,702,364
Loans payable to individuals	<i>14,24</i>	<b>15,703,226</b>	20,342,700
Notes payable - current portion	<i>15</i>	<b>15,000,000</b>	15,000,000
		<b>379,847,783</b>	240,045,064
<b>NON-CURRENT LIABILITIES</b>			
Loans payable to a related party	<i>16</i>	<b>528,334,969</b>	393,434,969
Notes payable - net of current portion	<i>15</i>	<b>958,594,306</b>	970,594,306
		<b>1,486,929,275</b>	1,364,029,275
<b>TOTAL LIABILITIES</b>		<b>1,866,777,058</b>	1,604,074,339
<b>EQUITY</b>			
Share capital (net)	<i>17</i>	<b>239,960,000</b>	239,960,000
Share premium	<i>17</i>	<b>956,320,162</b>	953,896,162
Deficit	<i>1</i>	<b>(569,387,591)</b>	(345,203,042)
<b>TOTAL EQUITY</b>		<b>626,892,571</b>	848,653,120
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱2,493,669,629</b>	₱2,452,727,459

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
**UNAUDITED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2024, 2023**  
(Amounts in Philippine Peso)

	<i>Notes</i>	2024	2023
<b>REVENUE</b>	<i>18</i>	<b>₱202,321,838</b>	<b>₱-</b>
<b>DIRECT COST</b>	<i>19</i>	<b>(179,743,467)</b>	<b>-</b>
<b>GROSS LOSS</b>		<b>22,578,371</b>	<b>-</b>
<b>OTHER INCOME</b>	<i>20</i>	<b>1,236,580</b>	<b>17,524</b>
<b>GROSS INCOME (LOSS)</b>		<b>23,814,951</b>	<b>17,524</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<i>21</i>	<b>(161,316,487)</b>	<b>(69,818,199)</b>
<b>LOSS FROM OPERATIONS</b>		<b>(137,501,536)</b>	<b>(69,800,675)</b>
<b>FINANCE COSTS</b>	<i>12,16</i>	<b>(86,683,013)</b>	<b>(37,001,509)</b>
<b>NET LOSS BEFORE INCOME TAX</b>		<b>(224,184,549)</b>	<b>(106,802,184)</b>
<b>INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(₱224,184,549)</b>	<b>(₱106,802,184)</b>

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2024, 2023, 2022**  
(Amounts in Philippine Peso)

	Share Capital (Note 17)	Share Premium (Note 17)	Deficit (Note 1)	Total
<b>EQUITY</b>				
As at January 1, 2022	₱235,060,000	₱726,166,619	(₱145,648,293)	₱815,578,326
Additional share capital	610,000	-	-	610,000
Share premium	-	57,117,210	-	57,117,210
Net loss for the year	-	-	(52,221,917)	(52,221,917)
As of December 31, 2022	235,670,000	783,283,829	(197,870,210)	821,083,619
Additional share capital	4,290,000	-	-	4,290,000
Share premium	-	170,612,333	-	170,612,333
Net loss for the year	-	-	(147,332,832)	(147,332,832)
<b>As of December 31, 2023</b>	<b>239,960,000</b>	<b>953,896,162</b>	<b>(345,203,042)</b>	<b>848,653,120</b>
<b>Additional share capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share premium</b>	<b>-</b>	<b>2,424,000</b>	<b>-</b>	<b>2,424,000</b>
<b>Net loss for the year</b>	<b>-</b>	<b>-</b>	<b>(224,184,549)</b>	<b>(224,184,549)</b>
<b>As at September 30, 2024</b>	<b>₱239,960,000</b>	<b>₱956,320,162</b>	<b>(₱569,387,591)</b>	<b>₱626,892,571</b>

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED SEPTEMBER 30, 2024, DECEMBER 31, 2023**

	<i>Notes</i>	2024	2023
<b>CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss before income tax		<b>(P224,184,549)</b>	(P147,332,661)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	<i>11</i>	<b>82,750,152</b>	5,394,843
Interest income	<i>20</i>	<b>(1,437)</b>	(19,158)
Interest expense	<i>12,16</i>	<b>47,557,003</b>	(36,970,036)
Operating cash outflows before changes in working capital		<b>(93,878,831)</b>	(178,927,012)
Changes in working capital components:			
Decrease (increase) in current assets:			
Receivable	<i>7</i>	<b>(59,648,840)</b>	(5,520,519)
Inventories	<i>9</i>	<b>(11,265,088)</b>	(2,709,764)
Advances to related parties	<i>16</i>	<b>-</b>	(3,434,352)
Advances to contractors	<i>8</i>	<b>1,219,488</b>	7,645,069
Advances to suppliers	<i>8</i>	<b>(11,175,249)</b>	(6,214,534)
Prepayments and other current assets	<i>10</i>	<b>(16,923,293)</b>	(1,262,234)
Other non-current assets		<b>-</b>	171
Increase (decrease) in current liabilities:			
Accounts payable and other liabilities	<i>13</i>	<b>161,646,393</b>	46,267,666
Net cash used in operations		<b>(30,025,420)</b>	(144,155,509)
Income tax paid	<i>20</i>	<b>-</b>	(171)
Interest received	<i>20</i>	<b>1,437</b>	19,158
<b>Net cash used in operating activities</b>		<b>(30,023,983)</b>	(P144,136,522)
<i>Balance forwarded</i>			

	As at period ended September 30 and December 31		
	Notes	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to construction-in-progress	12	(P13,580,018)	(P242,753,148)
Additions to property and equipment	11	(14,085,704)	(85,772,718)
<b>Net cash used in investing activities</b>		<b>(27,665,722)</b>	<b>(328,525,866)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Additional share capital	17	-	4,290,000
Proceeds of loans payable to a related party	16	134,900,000	155,600,000
Additional share premium	17	2,424,000	170,612,333
Payments of loans payable to individuals	14,24	(4,639,474)	(424,000)
Payments of principal on bank loans	15	(12,000,000)	(13,747,867)
Additional loans payable	12	-	112,846,275
Interest paid	12,15,16	(64,761,203)	36,970,036
<b>Net cash provided by financing activities</b>		<b>55,923,323</b>	<b>466,146,777</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(1,766,382)</b>	<b>(6,515,611)</b>
<b>CASH, beginning of the period</b>		<b>4,998,949</b>	<b>11,514,560</b>
<b>CASH, end of the period</b>	<b>6</b>	<b>P3,232,567</b>	<b>P4,998,949</b>
<b>NONCASH INVESTING ACTIVITIES</b>			
Accrued interest payable	13	47,557,003	25,635,193
Additions to construction-in-progress	12	(13,580,018)	(25,635,193)
		-	-

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*

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**NOTES TO FINANCIAL STATEMENTS**

As of and for the 3rd quarter period ended September 30, 2024  
(with comparative figures as at December 31, 2023 and for the 3rd quarter period ended  
September 30, 2023)  
(Amounts in Philippine Peso)

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**NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS**

*Corporate Information*

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*, (the “Company”) was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under registration no. CS201423954 on December 10, 2014.

On August 2, 2021, the Securities and Exchange Commission approved the Company’s amendment of its corporate name to Asia Pacific Medical Center – Iloilo, Inc.

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

On December 27, 2018, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 36,000 shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱250,000 up to ₱400,000 per block. Issued and outstanding Founder shares (600) and common shares (203,400) are not included in the offer. These shares have been registered and were offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company was also amended from 3rd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City to Brgy. Ungka, Jaro Iloilo City, where the hospital construction site is located.

*Status of Operations*

On November 3, 2023, the Company was issued its License to Operate as a Tertiary Level 2 Hospital by the Department of Health. It commenced operations on November 13, 2023, with the opening of its Outpatient Departments and started admitting patients on December 8, 2023.

As at the 3rd quarter ending September 30, 2024, the revenue generated from its operation was insufficient to cover the total operating expenses incurred during the period. The Company has incurred an accumulated deficit of ₱569,387,591 and ₱345,203,042 as at September 30, 2024 and December 31, 2023, respectively, due to construction and operational costs. The Company, however, aims to generate positive results and recover these pre-operating deficits in the ordinary course of business, by maximizing all means to market its services to the public.

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**NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS****Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and Board of Accountancy (BOA) and adopted by the Securities and Exchange Commission (SEC).

**Basis of Preparation and Presentation**

These financial statements have been prepared on the historical cost basis, except when otherwise stated.

**Functional and Presentation Currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Company’s financial statements are presented in Philippine Peso (₱), which is the Company’s functional and presentation currency. All values are rounded off to the nearest peso, except when otherwise indicated.

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**NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS****Adoption of New and Revised Accounting Standards Effective in 2023**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2023.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*– The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.
- Amendments to PAS 12, *Income Taxes -Deferred Tax Related Assets and Liabilities from a Single Transaction*– The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

**Accounting Standard Effective But Not Applicable:**

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules* – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.

## **New and Amended PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted**

Relevant new and amended PFRS and PIC issuances, which are not yet effective as at September 30, 2024, and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.
- *IFRIC Agenda Decision 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 paragraph 35(c) of International Financial Reporting Standards 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On December 15, 2020, the SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. This standard will not be applicable since the company is not a real estate company.

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of “assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)” until December 31, 2023.
- PIC Q&A 2018-12-E, *Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of “exclusion of land in calculation of POC as discussed in PIC Q&A 2018-12-E” until December 31, 2023. This standard will not be applicable since the company is not a real estate company.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.
- PFRS 17, *Insurance Contracts*– This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025. This standard will not be applicable since the company is not an Insurance Company.

- Amendment to PFRS 17, *Insurance Contracts - Initial Application of PFRS 17 and PFRS 9 - Comparative information*– The amendment adds a transition option for a “classification overlay” to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS 17. No amendments have been made to the transition requirements of PFRS 9. This amendment will not be applicable since the company is not an Insurance Company.

## Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS and PIC issuances is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

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## **NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

### **Current versus Noncurrent Classification**

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

An asset is current when it is:

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

The Company classifies all other assets 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 twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

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

The Company also modifies classification of prior year amounts to conform to current year's presentation.

## **Fair Value Measurement**

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described further in Note 19.

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 reassessing 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 asset or liability and the level of the fair value hierarchy as explained above.

## **Financial Instruments**

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

### **Financial Assets**

#### ***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 and Measurement***

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

The Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

### ***Subsequent Measurement***

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

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

#### **Financial assets at amortized cost (debt instruments)**

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

The Company's financial assets at amortized cost includes cash (excluding petty cash fund), receivable – others and other non-current assets (excluding deferred tax assets) as at reporting dates.

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation, if any, and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit and loss.

The Company does not have debt instruments designated at fair value through OCI as at reporting dates.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 – *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments designated at fair value through OCI (FVOCI) as at reporting dates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statements of profit or loss when the right of payment has been established.

The Company does not have financial assets at fair value through profit or loss as at reporting dates.

### ***Derecognition***

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### ***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***

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss is required for credit expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

### ***Write-off***

Financial assets are written-off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

## **Financial Liabilities**

### ***Initial Recognition and Measurement***

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

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

### ***Subsequent Measurement***

The measurement of financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

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 at fair value through profit or loss at the end of each reporting period.

#### Financial liabilities at amortized cost (loans and borrowings)

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

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

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans to a related party and notes payable (see Notes 13, 14, 15 and 16).

#### ***Derecognition***

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

#### ***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 fair value through other comprehensive loss to be measured at fair value through profit or loss 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 instruments***

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

The Company assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Company and all of the counterparties.

### **Cash**

Cash in the statements of financial position comprise of cash in banks and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

### **Advances**

Advances represents deposits or down payments (ranging from 25% to 50%) paid to contractors, merchants and, or broker-agents for specific completion or delivery of contractual obligations or service undertakings, including acquisition of medical machineries or clinical apparatus or equipment and medicinal inventories or supplies. These advances which are already paid but not yet incurred will be recognized either as an asset or an expense upon completion or delivery of such obligations, undertakings or acquisitions.

### **Prepayments and Other Current Assets**

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

Other current assets represent assets of the Company which are expected to be realized or consumed within one year or within the Company's normal operating cycle whichever is longer. Other current assets are measured initially and subsequently presented in the financial statements at cost.

### **Medical Inventories and Hospital Supplies**

Medical inventories and hospital supplies are initially measured at cost. Cost includes all costs of purchases, cost of conversion and other costs incurred in bringing the medical inventories and hospital supplies to their present location and condition. Medical inventories and hospital supplies are subsequently measured at the lower of cost and estimated selling price less costs to sell (net realizable value). Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, medical inventories and hospital supplies are assessed for impairment. If medical inventories and hospital supplies is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in the statements of comprehensive income (loss).

### **Property and Equipment**

Property and equipment are initially measured at cost. The cost of an item of property and equipment consists of:

- its purchases price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and medical and hospital equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

At the end of each reporting period, items of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses. Land is carried at cost less any impairment in value. Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their costs, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statements of comprehensive loss.

Fully depreciated and fully amortized assets are retained by the Company as part of property and equipment until these are derecognized or until they are no longer in use.

### **Intangible Assets**

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

### **Construction-in-progress**

Construction-in-progress is stated at cost. This includes the costs related to the construction of the hospital building and installation of medical equipment, property development costs and other direct costs. Cost of borrowings and any additional costs incurred in relation to the project are recognized in this account. Construction-in-progress is not depreciated until such time that the relevant assets are completed and ready for its intended use.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

The account shall be reclassified to Building in 2024.

## **Impairment of Non-Financial Assets**

At each reporting dates, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from the other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

## **Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue cost.

### *Share capital*

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

### *Share premium*

Share premium is the difference between the issue price and the par value of the stock and is known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value.

### *Deficit*

Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of changes in accounting policy as may be required by the standard's transitional provision.

## **Revenue Recognition**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The following specific recognition criteria must also be met before revenue is recognized:

*Service income from hospital services*

The Company renders primary healthcare services to its patients over a single period of time in the ordinary course of business. Revenue is recognized as the services are provided.

*Sale of medical goods*

Revenue from sale of goods is recognized at point in time when control of the asset is transferred to the customer.

**Revenue Recognition outside the Scope of PFRS 15**

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

*Other income* is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company.

**Costs and Expense Recognition**

Costs and expenses are recognized in the profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Costs and expenses in the statements of comprehensive income are presented using the function of expense method. Direct costs are expenses incurred that are associated with services rendered. General and administrative expenses are costs attributable to general administrative, and other business activities of the Company.

**Related Party Relationships and Transactions**

Related party relationship exists when one party has the ability to control, 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. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**Employee Benefits**

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees.

### Short-term Benefits

Short-term employee benefits are those benefits expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Short-term benefits given by the Company to its employees include salaries and wages, social security, health insurance and housing contributions, short-term compensated absences, bonuses and other non-monetary benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### Retirement or Post-employment Benefits

The Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan, an agreement providing benefits for retiring employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in service, may retire and shall be entitled to a retirement pay equivalent to at least ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

As at reporting dates, the Company has not yet established a Retirement Benefits Plan for its employees since no employee is entitled to date.

### **Borrowing costs**

Borrowing costs are generally recognized as expense in the year in which these costs are incurred. However, borrowing costs that 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 their 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 they are regarded as an adjustment to interest costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

### **Foreign Currency Translations**

Translations denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are translated using the closing exchange rates at reporting dates. Exchange gains or losses arising from foreign currency translations are credited to or charges against current operations.

### **Income Tax**

Income tax expense represents the sum of the current tax expense and deferred tax expense.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

### *Deferred tax*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computations of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting dates and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

### **Earnings (Loss) per Share**

Basic earnings (loss) per share is calculated by dividing income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after giving retroactive effect to any bonus issued/declared during the year, if any.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

### **Provisions and Contingencies**

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

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive loss, net of any reimbursement.

Contingent liabilities are not recognized in the Company financial statements. They 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 disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the Company financial statements.

## Events after the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

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## NOTE 5 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

### Judgments in Applying the Company's Accounting Policies

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 Solely Payments of Principal and Interest (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 statement 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.

#### *Functional currency*

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (₱). It is the currency that mainly influences the Company's operations.

### *Classification of Financial Instrument*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

### *Determination of Whether a Lease is a Finance or Operating Lease*

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

### *Recognition of Deferred Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied.

### *Impairment of Non-Financial Assets*

Property and equipment is periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

### *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 4, subheading "*Provisions and Contingencies.*"

## **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

### *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 as at September 30, 2024 and December 31, 2023.

The carrying amounts of other financial assets at amortized cost are as follows:

	2024	2023
Cash in banks*	<b>₱2,563,517</b>	₱4,588,993
Receivable – others	<b>67,607,415</b>	7,958,575
Other assets	<b>5,035,000</b>	5,015,000
	<b>₱75,205,932</b>	₱17,562,568

\*Excluding petty cash fund amounting to ₱669,050 as of September 30, 2024 and ₱409,956 in December 31, 2023.

#### *Assessment for Impairment of Non-financial Assets*

The Company assesses impairment on non-financial 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 cash-generating unit 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 non-financial assets was recognized as at September 30, 2024 and 2023.

The carrying amounts of non-financial assets are as follows:

	2024	2023
Construction-in-progress	<b>₱1,818,785,990</b>	₱1,805,205,972
Property and equipment (net)	<b>459,158,347</b>	527,822,795
Advances to contractors	<b>49,178,460</b>	50,397,948
Advances to related parties	<b>39,030,125</b>	39,030,125
Advances to suppliers	<b>18,941,437</b>	7,766,188
	<b>₱2,385,094,359</b>	₱2,430,223,028

### *Estimating useful lives of assets*

The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase recorded operating expenses and decrease non-current assets.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

<b>Categories</b>	<b>Estimated Useful Life</b>
Office equipment	3 - 5 years
Medical equipment	5 years
Hospital equipment	5-10 years
Kitchen Tools	3-5 years
Books/Periodicals	3 years

As at September 30, 2024 and December 31, 2023, the Company's property and equipment had carrying amounts of ₱459,158,347 and ₱527,822,795, respectively, as disclosed in Note 11.

Amortization of intangible asset is calculated on a straight-line basis over 1 year. As at September 30, 2024 and December 3, 2023, the Company's intangible assets has a carrying amount of ₱-0-.

### *Asset impairment other than goodwill*

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at September 30, 2024 and December 31, 2023, Management believes that the recoverable amounts of the Company's property and equipment approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

### *Deferred tax assets*

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company has recognized net deferred tax assets amounting to ₱-0- as at September 30, 2024 and December 31, 2023, respectively (see Note 20).

Deferred tax assets with full valuation allowance as at September 30, 2024, December 31, 2023 and 2022 amounted to ₱124,165,303, ₱69,505,158, and ₱32,665,609, respectively (see Note 24).

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### **NOTE 6 - CASH**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Cash in banks	<b>₱2,563,517</b>	₱4,588,993
Petty cash fund	<b>669,050</b>	409,956
	<b>₱3,232,567</b>	₱4,998,949

Cash includes petty cash fund and in banks that are unrestricted and available for current operations. This is stated in the statements of financial position at face amount.

Cash in banks generally earn interest at the prevailing bank's deposit rates. Interest earned from bank accounts amounted to ₱1,437, ₱19,158, and ₱10,028 in 2024, 2023 and 2022, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 18).

Unrealized foreign exchange gain resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱-0- and ₱18,964 in 2024 and 2023, respectively and is presented as part of "other income" in the statements of comprehensive loss (see Note 18).

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### **NOTE 7 - RECEIVABLES**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Due from Government institution <sup>(1)</sup>	<b>₱38,302,187</b>	₱1,169,061
Due from HMO/Insurance Institution	<b>16,055,265</b>	-
Advances to employees and officers	<b>4,555,756</b>	3,753,880
Other receivables	<b>8,694,207</b>	3,035,634
	<b>₱67,607,415</b>	₱7,958,575

<sup>(1)</sup> This account pertains to reimbursements for hospital expenses and doctors' fees availed by patients who are members of the Philippine Health Insurance Corporation (PhilHealth) and other government institution assistance.

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**NOTE 8 - ADVANCES TO CONTRACTORS AND SUPPLIERS**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Advances to contractors <sup>(1)</sup>	₱49,178,460	₱50,397,948
Advances to suppliers <sup>(2)</sup>	18,941,437	7,766,188
	<b>₱68,119,897</b>	<b>₱58,164,136</b>

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<sup>1)</sup> Advances to contractors represent advances for each awarded project activity and is liquidated via deduction, on a pro-rata basis, from the contractor's periodic progress billings.

<sup>2)</sup> Advances to supplier are down payments made to suppliers of medical equipment and/or construction materials ordered. The amounts represent 15% - 50% of the total contract price of the items purchased.

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**NOTE 9 - MEDICAL INVENTORIES AND HOSPITAL SUPPLIES**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Drugs and medicines	₱11,226,293	₱165,096
Medical and laboratory supplies <sup>(1)</sup>	1,036,540	269,067
General hospital maintenance supplies <sup>(2)</sup>	1,712,019	2,275,601
	<b>₱13,974,852</b>	<b>₱2,709,764</b>

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<sup>1)</sup> Medical and laboratory supplies refer to drugs and medication supplies available for consumption of patients and for dispensing of hospital staff.

<sup>2)</sup> General hospital maintenance supplies pertain to purchases of cleaning and sanitation supplies for the hospital upkeep and general housekeeping.

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**NOTE 10 - PREPAYMENTS AND OTHER CURRENT OTHERS**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Prepaid insurance	₱3,841,357	₱156,210
Others	14,884,079	1,665,933
	<b>₱18,725,436</b>	<b>₱1,822,143</b>

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**NOTE 11 - PROPERTY AND EQUIPMENT (net)**

Reconciliation of property and equipment (net) as at September 30, 2024 is as follows:

	Land	Land Improvement	Office Equipment	Medical Equipment	Hospital Equipment	Hospital Vehicle	IT Equipment & Software	Kitchen Tools	Books/ Periodicals	Total
<b>Cost:</b>										
At the beginning of year	₱28,291,630	₱ -	₱17,362,737	₱345,534,261	₱112,390,315	₱ -	₱30,658	₱32,007,967	₱ -	₱535,617,568
Additions	-	310,221	51,097	2,267,387	1,345,051	9,355,536	630,718	207,828	-	14,167,838
Reclassification	-	-	(14,163,318)	(28,393)	1,018,787	-	13,144,531	-	-	(28,393)
At end of period	₱28,291,630	₱310,221	₱3,250,516	₱347,773,255	₱114,754,153	₱9,355,536	₱13,805,907	₱32,215,795	₱ -	₱549,757,013
<b>Accumulated Depreciation:</b>										
At the beginning of year	₱ -	₱ -	₱5,136,096	₱ -	₱ -	₱ -	₱ -	₱2,658,677	₱ -	₱7,794,773
Depreciation	-	2,248	484,393	52,746,461	22,054,879	785,865	1,857,301	4,819,005	-	82,750,152
Reclassification	-	-	(4,257,176)	(946)	484,355	-	3,827,508	-	-	53,741
At end of period	₱ -	₱2,248	₱1,363,313	₱52,745,515	₱22,539,234	₱785,865	₱5,684,809	₱7,477,682	₱ -	₱90,598,666
Net carrying value, September 30, 2024	₱28,291,630	₱307,973	₱1,887,203	₱295,027,740	₱92,214,919	₱8,569,671	₱8,121,098	₱24,738,113	₱ -	₱459,158,347

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Reconciliation of property and equipment (net) as at December 31, 2023 is as follows:

	Land	Land Improvement	Office Equipment	Medical Equipment	Hospital Equipment	Hospital Vehicle	IT Equipment & Software	Kitchen Tools	Books/Periodicals	Total
Cost:										
At beginning of year	₱28,291,630	₱-	₱9,049,590	₱297,878,140	₱113,541,569	₱-	₱-	₱1,072,375	₱11,545	₱449,844,848
Additions	-	-	8,313,146	47,656,121	-	-	30,658	30,935,592	-	86,935,517
Reclassification	-	-	-	-	(1,151,254)	-	-	-	(11,545)	(1,162,799)
At end of year	₱28,291,630	-	₱17,362,737	₱345,534,261	₱112,390,315	-	₱30,658	₱32,007,967	₱-	₱535,617,568
Accumulated depreciation:										
At beginning of year	₱-	₱-	₱2,393,750	₱-	₱-	₱-	₱-	₱-	₱6,179	₱2,399,929
Depreciation	-	-	2,742,346	-	-	-	-	2,658,677	-	5,401,023
Reclassification	-	-	-	-	-	-	-	-	(6,179)	(6,179)
At end of year	₱-	₱-	₱5,136,096	₱-	₱-	₱-	₱-	₱2,658,677	₱-	₱7,794,773
Net carrying value, December 31, 2023	₱28,291,630	₱-	₱12,226,641	₱345,534,261	₱112,390,315	₱-	₱30,658	₱29,349,290	₱-	₱527,822,795

Depreciation of kitchen tools, medical and hospital equipment shall commence when it is available for use – when it is in the location and condition necessary to be capable of operating in the manner intended by the Management.

The medical equipment have been paid in full and already recorded in the books. However, the same is still stored in the warehouse of the supplier awaiting delivery upon completion of the Company's hospital building. These are subject of a chattel mortgage as disclosed in Note 15.

The Company has a total contract commitment to purchase medical equipment totaling ₱454,370,959 as at December 31, 2023. Advances to related parties amounting to ₱32,079,869 (Note 16) was recognized in the books as it represents advance payment for medical equipment.

The land covered by TCT No. 095-2015000546 and TCT No. 095-2015000547 represent the area located at Barangay Sambag, Jaro District, Iloilo City, Panay Island, where the Company is currently constructing a multidisciplinary special medical facility (hospital) (Note 12) and is the subject of a real estate mortgage as disclosed in Note 15.

Management has reviewed the carrying values of property and equipment as at September 30, 2024 and December 31, 2023, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

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**NOTE 12 - CONSTRUCTION-IN-PROGRESS**

This account consists of accumulated costs for the construction of the Company's hospital building project which is still ongoing as at reporting dates:

	As at beginning of year	Amount of Transactions	As at September 30
	2023	2024	2024
Payment to contractors	₱1,343,138,443	<b>₱13,580,018</b>	<b>₱1,356,718,461</b>
Capitalized borrowing cost`	205,146,757	-	<b>205,146,757</b>
Other related costs	256,920,772	-	<b>256,920,772</b>
	<b>₱1,805,205,972</b>	<b>₱13,580,018</b>	<b>₱1,818,785,990</b>

During the development and construction of the hospital building, capitalized borrowing costs amounted to ₱-0-, and ₱38.1 million, for the 3rd quarter period and years ended September 30, 2024, December 31, 2023, respectively (see Note 15).

Other related costs pertain to planning and project management expenses directly attributable to the construction project.

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at 100%.

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**NOTE 13 - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Accounts payable – contractors and suppliers <sup>(2)</sup>	<b>₱177,831,838</b>	₱121,792,436
Accrued interest payable <sup>(3)</sup>	<b>47,557,003</b>	25,635,193
Retention payable <sup>(1)</sup>	<b>33,484,544</b>	46,392,615
Accounts payable – nontrade	<b>22,422,298</b>	2,311,548
Accrued expenses <sup>(5)</sup>	<b>13,383,233</b>	5,945,109
Statutory liabilities <sup>(4)</sup>	<b>5,444,018</b>	2,289,008
Other payables	<b>49,021,623</b>	336,455
	<b>₱349,144,557</b>	₱204,702,364

<sup>1)</sup> Retention payable refers to the amount withheld by the Company from the contractor's periodic progress billings as provided for in their respective contracts. This shall be released to the contractor, net of deductions, if any, upon full completion and turnover of the project and final acceptance by the Company.

<sup>2)</sup> Accounts payable – contractors and suppliers represent unpaid billings of the contractors and balances of equipment already installed in the construction building as of reporting date.

<sup>3)</sup> Accrued interest payable refers to interest expense incurred on loans from bank (see Note 15).

<sup>4)</sup> Statutory liabilities pertains to tax withheld from payment to suppliers, employees' compensation and statutory contributions to SSS, PHIC and HDMF.

<sup>5)</sup> Accrued expenses are normally settled within one year from financial reporting date.

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**NOTE 14 - LOANS PAYABLE TO INDIVIDUALS**

This account constitutes non-interest bearing and demandable obligations to third parties which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure.

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**NOTE 15 - NOTES PAYABLE**

The account comprises of the following balances as at September 30, 2024 and December 31, 2023:

	2024	2023
Notes Payable - current portion	<b>₱15,000,000</b>	₱15,000,000
Notes Payable - net of current portion	<b>958,594,306</b>	970,594,306
	<b>₱973,594,306</b>	₱985,594,306

The Landbank of the Philippines – Iloilo Branch (LBP – Iloilo) extended to the Company several term loans equivalent to a credit line facility totaling **₱1.060 BILLION** to finance the construction of the hospital structure and the acquisition of various medical equipment and fixtures.

The foregoing credit line facility consists of a term loan 1 the availment of which was granted on 2015 amounting to **₱465 MILLION** allotted to finance the construction of the hospital building. However, term loan 2 availment amounting to **₱35 MILLION** was eventually cancelled or withdrawn. Subsequently, the bank approved on July 31, 2019, term loan 3 in the amount of **₱195 MILLION** for the hospital structure and term loan 4 amounting to **₱400 MILLION** allotted for the acquisition of medical equipment and fixtures.

The loan is available in several drawdowns, payable ranging from 8 years to 10 years in ladderized quarterly amortizations, including grace periods ranging from 1 year to 4 years on principal amortization, with an interest rate of 5% to 6.63% per annum payable quarterly in arrears from date of loan release.

As discussed in Note 8, the loan is collateralized and secured by a Real Estate Mortgage (REM) on both parcels of land owned by the Company, including present and future improvements thereon and Chattel Mortgage on various medical equipment, furniture, and fixtures.

Total finance costs incurred on loans for financing the construction of hospital building amounted to ₱38,111,109, and ₱38,105,541 for the years ended December 31, 2023 and 2022, respectively, and was capitalized to construction-in-progress account in the statements of financial position (see Note 12).

The Company incurred finance costs on loans for acquisition of medical equipment and fixtures amounting to ₱16,010,421, and ₱19,800,219 for the years ended December 31, 2023 and 2022, respectively, and is reflected in the statements of comprehensive loss.

On November 29, 2023, Landbank of the Philippines, approved the term loan 5 the first restructuring of the total outstanding balance of term loan 1, 3 and 4 in the amount of ₱985,594,306 up to seven (7) years from date of effectivity with one (1) quarter grace period on principal and interest. As of September 30, 2024, the outstanding balance and finance cost incurred amounted to ₱973,594,306 and ₱55,748,874, respectively.

## NOTE 16 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. The following transactions were carried out with related parties as at September 30, 2024 and December 31, 2023:

Category	Outstanding Balance 2022	Amount of Transactions 2023	Outstanding Balance 2023	Amount of Transactions 2024	Outstanding Balance 2024	Terms	Conditions
Receivable – others (various ACE hospitals)	₱47,472	₱ -	₱47,472	₱ -	₱47,472	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
<b>Advances to related parties:</b>							
Endure Medical, Inc.	32,079,869	-	32,079,869	-	32,079,869	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solutions Inc.	3,515,904	3,386,880	6,902,784	-	6,902,784	Non-interest bearing, to be collected in cash (b)	Unsecured, unguaranteed, not impaired
	₱35,595,773	₱3,386,880	₱39,030,125	₱ -	₱39,030,125		
Accounts Payable - Endure Medical, Inc.	₱33,589,868	₱11,643,658	₱45,233,526	₱789,975	₱46,023,501	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Loans payable to a related party	₱237,834,969	₱155,600,000	₱393,434,969	₱134,900,000	₱528,334,969	Interest bearing, to be paid in cash (c)	Unsecured, unguaranteed, not impaired

(a) Advances to a related party - Endure Medical, Inc.

The Company engaged the services of an indentor (Endure Medical, Inc.) which has relatively significant influence over the key management personnel of the Company. The Indentor facilitates the importation and acquisition of medical and hospital equipment, furniture and fixtures for the hospital building under construction (see Notes 11 and 12).

The foregoing is classified as a related party transaction(s) (pursuant to the condition set forth in PAS 24), wherein the key management personnel of Endure Medical, Inc. has significant influence over the Company and its key officer.

(b) Advances to a related party - TIPP Digital Solutions Inc.

The account represents a 15% downpayment made for the acquisition of Healthcare Management Information System.

(c) Loans payable to a related party

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., which has relatively significant influence over a key management personnel of the Company. The loan was incurred for payment of interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 8.5%-11.5% per annum and is payable subject to availability of funds. Interest incurred for the 3rd quarter period September 30, 2024, and years ended December 31, 2023, and is reflected in the statements of comprehensive loss amounted to ₱30,934,139 and ₱20,959,616, respectively. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

### Key Management Personnel Compensation

Key management compensation amounted to ₱3,903,692, ₱3,330,000, and ₱5,818,958 for the 3rd quarter period ended September 30, 2024, and years ended December 31, 2023, and 2022, respectively. These amounts are incorporated in the salaries and allowances accounted in the financial statements.

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### **NOTE 17 - SHARE CAPITAL**

Details of the Company's share capital as at September 30, 2024:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	₱600,000
Common shares	239,400	239,400,000
<b>Total authorized share capital</b>	<b>240,000</b>	<b>₱240,000,000</b>
<hr/>		
Subscribed share capital:		
Founder's shares	600	₱600,000
Common shares	239,360	239,360,000
<b>Total subscribed share capital</b>	<b>239,960</b>	<b>₱239,960,000</b>
<hr/>		
Paid-up share capital:		
Founder's shares	600	₱600,000
Common shares	239,360	239,360,000
<b>Total paid-up share capital</b>	<b>239,960</b>	<b>₱239,960,000</b>

Details of the Company's share capital as at December 31, 2023:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	₱600,000
Common shares	239,400	239,400,000
<b>Total authorized share capital</b>	<b>240,000</b>	<b>₱240,000,000</b>
<hr/>		
Subscribed share capital:		
Founder's shares	600	₱600,000
Common shares	239,360	239,360,000
<b>Total subscribed share capital</b>	<b>239,960</b>	<b>₱239,960,000</b>
<hr/>		
Paid-up share capital:		
Founder's shares	600	₱600,000
Common shares	239,360	239,360,000
<b>Total paid-up share capital</b>	<b>239,960</b>	<b>₱239,960,000</b>

In 2018, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of its 36,000 common shares. Said registration statement was approved on December 27, 2019, in accordance with the provisions of the SEC's Securities Regulation Code (see Note 1).

As of date, pursuant to the SEC's approval, the Company issued a total of **THIRTY-ONE THOUSANDSIX HUNDRED TWENTY (31,620)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱953,896,162. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one (1) block = ten (10) common shares].

Founder's shares have the exclusive right to vote and be voted upon as directors for five (5) years from the date of SEC registration. Thereafter, the holders of Founder's shares shall have the same rights and privileges as holders of common shares.

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#### **NOTE 18 - REVENUE**

Revenues earned for the 3rd quarter of September 30, 2024, and year ended December 31, 2023, are as follows:

	<b>2024</b>	2023
Domestic Sale of Services	<b>₱231,842,005</b>	₱7,024,531
Domestic Sale of Goods	<b>2,035,037</b>	55,823
	<b>233,877,042</b>	7,080,354
Less: Sales Discount on Services	<b>(30,115,719)</b>	(954,589)
Sales Discount on Goods	<b>(1,198,049)</b>	(21,006)
Sales Return and Allowances	<b>(241,436)</b>	(109,394)
<b>Net Revenues</b>	<b>₱202,321,838</b>	₱5,995,365

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#### **NOTE 19 - DIRECT COSTS**

Direct costs incurred for the 3rd quarter of September 30, 2024, and the year ended December 31, 2023, are as follows:

	<b>2024</b>	2023
Cost of Hospital Services:		
Professional Fees	<b>₱32,423,989</b>	₱3,644,291
Hospital supplies	<b>60,866,637</b>	1,379,238
Salaries and Wages	<b>11,159,603</b>	1,055,245
Utilities Expense	<b>437,683</b>	48,681
Depreciation Expense	<b>74,855,555</b>	
	<b>₱179,743,467</b>	₱6,127,455

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#### **NOTE 20 - OTHER INCOME**

Other income earned for the 3rd quarter September 30, 2024, and the year ended December 31, 2023, and 2022, are as follows:

		<b>2024</b>	2023
Interest income	<b>6</b>	<b>₱1,437</b>	₱19,158
Unrealized foreign exchange gain	<b>6</b>	-	18,964
Other revenue		<b>1,246,598</b>	32,953
		<b>₱1,248,035</b>	₱71,075

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**NOTE 21 - GENERAL AND ADMINISTRATIVE EXPENSES**

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General and administrative expenses incurred for the 3rd quarter September 30, 2024, and 2023, are as follows:

	<i>Notes</i>	2024	2023
Salaries and Wages		₱77,122,694	₱18,239,686
Utilities Expenses		33,747,740	1,552,281
SSS, PHIC and HDMF Contributions		11,257,346	1,531,120
Security Services		9,093,796	361,146
Taxes and Licenses		6,811,662	1,106,023
Housekeeping Expense		6,656,552	-
Depreciation		5,824,030	1,263,151
Office Supplies		4,067,701	626,665
Board meetings and conferences		1,636,667	1,949,483
Professional Fees		1,426,335	1,129,886
Advertising Expenses		749,906	591,167
Training, Workshop, Seminar		655,064	168,795
Communication Expenses		550,342	121,419
Outside Services		485,414	-
Repairs and Maintenance Expenses		366,719	61,147
Entertainment and Representation Expenses		209,839	-
Membership and Subscription Expenses		152,583	148,869
Transportation and Travel Expenses		135,108	86,551
Fuel, Oil and Lubricants Expenses		98,079	-
Bank Service Charge		84,168	9,060
Stationaries And Printing		21,433	-
Rental Expense		12,632	3,500
Miscellaneous Expenses		150,675	351,668
		<b>₱161,316,487</b>	<b>₱29,301,617</b>

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**NOTE 22 - INCOME TAX EXPENSE**

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Computation of income tax due (RCIT or MCIT, whichever is higher) is as follows:

<b>I. Regular Corporate Income tax (RCIT)</b>	2024	2023
Net loss before income tax	(₱218,640,579)	(₱147,332,661)
Add (deduct) reconciling items:		
Interest expense arbitrage	-	4,789
Non-deductible penalties on taxes (Note 19)	-	-
Unrealized forex gain (Note 6 and 18)	-	(18,964)
Interest income subjected to final tax (Notes 6,18)	(1,436.54)	(19,158)
Net operating loss	(₱218,642,016)	(₱147,365,993)
Tax rate	25%	25%
<b>RCIT</b>	<b>NIL</b>	<b>NIL</b>

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## II. Minimum Corporate Income Tax (MCIT)

For the 3rd quarter period ended September 30, 2024, and years ended December 31, 2023, and 2022, the Company did not generate any revenues subject to minimum corporate income tax.

## III. Deferred Tax Asset

As at December 31, 2022, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

On September 30, 2020, Finance Secretary Carlos Dominguez and Internal Revenue Commissioner Caesar Dulay signed Revenue Regulation 25-2020, implementing Section 4 of the Bayanihan to Recover as One or Bayanihan 2 Act, particularly on the NOLCO of companies. The Bureau of Internal Revenue (BIR) has extended to five years the carry-over period for net operating losses incurred by businesses in 2020 and 2021 due to the impact of the coronavirus pandemic.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
<b>NOLCO</b>						
2020	2025	₱43,425,573	-	-	-	₱43,425,573
2021	2026	34,889,728	-	-	-	34,889,728
2022	2025	52,339,339	-	-	-	52,339,339
2023	2026	147,365,993	-	-	-	147,365,993
<b>2024</b>	<b>2029</b>	218,640,579	-	-	-	218,640,579
		<b>₱496,661,212</b>	-	-	-	<b>₱496,661,212</b>

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
<b>MCIT</b>						
2020	2023	-	-	-	-	-
<b>2024</b>	<b>2027</b>	-	-	-	-	-
		-	-	-	-	-

The significant component of the Company's deferred tax assets are as follows:

	<b>2024</b>	<b>2023</b>
NOLCO	<b>₱496,661,212</b>	₱278,020,633
Tax rate	<b>25%</b>	25%
	<b>124,165,303</b>	69,505,158
MCIT	-	-
	<b>₱124,165,303</b>	₱69,505,158
Valuation allowance (Note 5)	<b>(₱124,165,303)</b>	(₱69,505,158)
<b>Deferred tax asset (other noncurrent assets)</b>	<b>₱ -</b>	<b>₱ -</b>

The Company's deferred tax assets arise from excess MCIT from the current and prior year periods that can be charged against income of the next three taxable years and is presented as part of "other non-current assets" in the statements of financial position.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since management believes that the Company will not be able to generate future taxable income in which such can be applied. The deferred tax asset of the Company arising from net operating loss carry over (NOLCO) prior to 2020 can be charged against future taxable income of the next three (3) years. On the other hand, deferred tax assets arising from NOLCO for the years 2020 and 2021 can be charged against future taxable income of the next five (5) taxable years.

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**NOTE 23 - BASIC LOSS PER SHARE**

Basic loss per share is computed as follows:

	<b>2024</b>	2023
Loss attributable to ordinary shares	<b>(₱218,640,579)</b>	(₱147,332,832)
Divide by: Weighted average number of ordinary shares outstanding	<b>239,960</b>	239,960
Basic loss per share	<b>₱911.15</b>	₱613.99

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There are no potential dilutive ordinary shares outstanding as at September 30, 2024 and December 31, 2023.

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**NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Financial Risk**

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, and interest rate risk to its financial assets and financial liabilities.

The Company's principal financial assets and financial liabilities consist of cash (excluding petty cash fund), receivable - others, other non-current assets payable (excluding deferred tax assets), accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans payable to a related party and notes payable which arise from operations.

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

***Credit risk***

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

The Company's financial assets at amortized cost are composed of cash (excluding petty cash fund), receivable – others and other noncurrent assets (excluding deferred tax assets). 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.

Receivable - others and other non-current assets are being monitored on a regular basis to ensure timely execution of necessary intervention efforts to minimize credit losses.

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 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

<b>As at September 30, 2024</b>				
<b>Financial assets at amortized cost</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL – not credit impaired</b>	<b>Lifetime ECL – credit impaired</b>	<b>Total</b>
<b>Cash in banks*</b>	<b>₱2,563,517</b>	<b>₱ -</b>	<b>₱-</b>	<b>₱2,563,517</b>
<b>Receivable - others</b>	<b>67,607,415</b>	<b>-</b>	<b>-</b>	<b>67,607,415</b>
<b>Other non-current assets**</b>	<b>-</b>	<b>5,035,000</b>	<b>-</b>	<b>5,035,000</b>
	<b>₱70,170,932</b>	<b>₱5,035,000</b>	<b>₱-</b>	<b>₱75,205,932</b>

\*Excluding petty cash fund amounting to ₱669,050 as at September 30, 2024.

\*\*Excluding deferred tax assets amounting to ₱-0- as at September 30, 2024 and December 31, 2023.

<b>As at December 31, 2023</b>				
<b>Financial assets at amortized cost</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL – not credit impaired</b>	<b>Lifetime ECL – credit impaired</b>	<b>Total</b>
<b>Cash in banks*</b>	<b>₱4,588,993</b>	<b>₱ -</b>	<b>₱ -</b>	<b>₱4,588,993</b>
<b>Receivable - others</b>	<b>7,958,575</b>	<b>-</b>	<b>-</b>	<b>7,958,575</b>
<b>Other non-current assets**</b>	<b>-</b>	<b>5,015,000</b>	<b>-</b>	<b>5,015,000</b>
	<b>₱12,547,568</b>	<b>₱5,015,000</b>	<b>-</b>	<b>₱17,562,568</b>

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to ₱-0- as at December 31, 2023.

### **Interest Rate Risk**

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The primary source of the Company's interest rate risk relates to its cash in banks, notes payable and loans payable to a related party (Notes 6, 14 and 15).

Cash in banks are subject to prevailing market interest rates. Considering that such financial assets have short-term maturities, the Company does not foresee any cash flow and fair value interest rate risks to have a significant impact on the Company's operations.

Likewise, notes payable and loans payable to a related party are subject to prevailing market interest rates. As such, these are subject to fluctuations in market interest rates for a given period.

The Company has no established policy in managing interest rate risk. Any favorable or unfavorable effect of the fluctuations on the interest rates are absorbed by the Company. The effect

of such is presented in the Company's financial performance.

### **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.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on contractual and undiscounted payments:

As at September 30, 2024

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Assets:</b>					
Cash*	₱2,563,517	₱-	₱ -	₱-	₱2,563,517
Receivable - others	67,607,415	-	-	-	67,607,415
Other non-current assets**	-	-	5,035,000	-	5,035,000
	<b>₱70,170,932</b>	<b>₱-</b>	<b>₱5,035,000</b>	<b>₱-</b>	<b>₱75,205,932</b>

\*Excluding petty cash fund amounting to ₱669,050 as at September 30, 2024.

\*\*Excluding deferred tax assets amounting to ₱-0- as at September 30, 2024 and December 31, 2023.

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Liabilities:</b>					
Accounts payable and other liabilities***	₱118,993,681	₱224,706,858	₱ -	₱ -	₱343,700,539
Loans payable to individuals	15,703,226	-	-	-	15,703,226
Loans payable to a related party	528,334,969	-	-	-	528,334,969
Notes payable	15,000,000	958,594,306	-	-	973,594,306
	<b>₱ 678,031,876</b>	<b>₱1,183,301,164</b>	<b>₱ -</b>	<b>₱ -</b>	<b>₱1,861,333,040</b>

\*\*\*Excluding government liabilities amounting to ₱5,444,018 as at September 30, 2024.

As at December 31, 2023

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Assets:</b>					
Cash*	₱4,588,993	₱-	₱-	₱-	₱4,588,993
Receivable - others	7,958,575	-	-	-	7,958,575
Other non-current assets**	-	-	5,015,000	-	5,015,000
	<b>₱12,547,568</b>	<b>₱-</b>	<b>₱5,015,000</b>	<b>₱-</b>	<b>₱17,562,568</b>

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to ₱-0- as at December 31, 2023.

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Liabilities:</b>					
Accounts payable and other liabilities***	₱70,078,186	₱132,335,170	₱-	₱ -	₱202,413,356
Loans payable to individuals	20,342,700	-	-	-	20,342,700
Loans payable to a related party	393,434,969	-	-	-	393,434,969
Notes payable	15,000,000	970,594,306	-	-	985,594,306
	<b>₱498,855,855</b>	<b>₱1,102,929,476</b>	<b>₱ -</b>	<b>₱ -</b>	<b>₱1,601,785,331</b>

\*\*\*Excluding government liabilities amounting to ₱2,289,008 as at December 31, 2023.

## FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities are presented below:

	As at September 30, 2024		As at December 31, 2023	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets:</b>				
Cash*	₱2,563,517	₱2,563,517	₱4,588,993	₱4,588,993
Receivable - others	67,607,415	67,607,415	7,958,575	7,958,575
Other non-current assets**	5,035,000	5,035,000	5,015,000	5,015,000
	<b>₱75,205,932</b>	<b>₱75,205,932</b>	<b>₱17,562,568</b>	<b>₱17,562,568</b>

\*Excluding petty cash fund amounting to ₱669,050 as at September 30, 2024.

\*\*Excluding deferred tax assets amounting to ₱-0- as at September 30, 2024 and December 31, 2023.

### Financial Liabilities:

Accounts payable and other liabilities***	₱343,700,539	₱343,700,539	₱202,413,356	₱202,413,356
Loans payable to individuals	15,703,226	15,703,226	20,342,700	20,342,700
Loans payable to a related party	528,334,969	528,334,969	393,434,969	393,434,969
Notes payable	973,594,306	973,594,306	985,594,306	985,594,306
	<b>₱1,861,333,040</b>	<b>₱1,861,333,040</b>	<b>₱1,601,785,331</b>	<b>₱1,601,785,331</b>

\*\*\*Excluding government liabilities amounting to ₱5,444,018 and ₱2,289,008 as at September 30, 2024 and December 31, 2023, respectively.

### Assumption Used to Estimate Fair Values

The carrying amounts of cash, receivable - others, accounts payable and other liabilities, loans payable to individuals, and loans payable to a related party approximate their fair values as at reporting dates due to the short-term nature of the transactions.

The carrying amount of notes payable approximates its fair value due to pre-determined contractual cash flow arrangements based on an applicable and regular re-priceable Philippine Dealing System Treasury (PDST) floating rate covering the term of the loan, as provided by the financial lending institution.

The fair value of refundable deposits cannot be measured reliably since there was no comparable market data and inputs for the sources of fair value such as discounted cash flows analysis. However, Management believes that their carrying amounts approximate their fair value.

### Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable for the asset or liability

The table below summarizes the classification of the Company's financial assets and liabilities based on the fair value measurement hierarchy:

	As at September 30, 2024		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	₱2,563,517	₱ -	₱2,563,517
Receivable - others	-	67,607,415	67,607,415
Other non-current assets**	-	5,035,000	5,035,000
	<b>₱2,563,517</b>	<b>₱72,642,415</b>	<b>₱75,205,932</b>

\*Excluding petty cash fund amounting to ₱669,050 as at September 30, 2024.

\*\*Excluding deferred tax assets amounting to ₱-0- as at September 30, 2024 and December 31, 2023.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities***	₱ -	₱343,700,539	₱ -
Loans payable to individuals	-	15,703,226	-
Loans payable to a related party	-	528,334,969	-
Notes payable	-	973,594,306	-
	<b>₱ -</b>	<b>₱1,861,333,040</b>	<b>₱ -</b>

\*\*\*Excluding government liabilities amounting to ₱5,444,018 as at September 30, 2024.

	As at December 31, 2023		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	₱4,588,993	₱-	₱-
Receivable – others	-	7,958,575	-
Other non-current assets**	-	5,015,000	-
	<b>₱4,588,993</b>	<b>₱12,973,575</b>	<b>₱ -</b>

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to ₱-0- as at December 31, 2023.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities***	₱ -	₱202,413,356	₱ -
Loans payable to individuals	-	20,342,700	-
Loans payable to a related party	-	393,434,969	-
Notes payable	-	985,594,306	-
	<b>₱ -</b>	<b>₱1,601,785,331</b>	<b>₱ -</b>

\*\*\*Excluding government liabilities amounting to ₱2,289,008 as at December 31, 2023.

There were no reclassifications made between the different fair value hierarchy levels as at September 30, 2024, and December 31, 2023.

## 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 shareholders value.

The Company manages capital structure and makes adjustment 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 3rd quarter period and the years ended September 30, 2024 and December 31, 2023.

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

	2024	2023
Share capital	<b>₱239,960,000</b>	₱239,960,000
Share premium	<b>956,320,162</b>	953,896,162
Deficit	<b>(569,387,591)</b>	(345,203,042)
	<b>₱626,892,571</b>	₱848,653,120

The loan agreement with Landbank (Note 12) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting dates, all covenants and requirements are complied with except for the required financial ratio wherein the financial institution was made aware of since the Company has not yet started commercial operations.

## **SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR)**

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### ***Revenue Regulations (RR) 15-2010***

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS is presented as follows:

### **Output and Input Value-Added Tax**

Hospitals and clinics are exempt from VAT by virtue of Section 109 of the National Internal Revenue Code.

### **Documentary Stamp Tax**

Documentary stamp tax paid by the Company during the year amounted to ₱5,543,968 for the additional availment of notes payable.

### **Taxes and licenses**

Details of the Company's other local and national taxes for the year are as follows:

	2024
Documentary stamp tax	₱5,543,968
Real property tax	1,098,834
Business permit	34,024
Annual BIR registration fee	500
Others	134,336
	<b>₱6,811,662</b>

### **Withholding Taxes**

Withholding taxes paid by the Company for the year are as follows:

	2024
Expanded withholding taxes	₱5,274,696
Compensation withholding tax	997,841
	<b>₱6,272,537</b>

## **Deficiency Tax Assessment and Tax Cases**

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in any court or bodies outside the Bureau of Internal Revenue as of September 30, 2024.

### ***RR 19-2020 and RR 34-2020***

In 2020, the Bureau of Internal Revenue (BIR) issued the foregoing Revenue Regulations for the effective implementation of Philippine Accounting Standard No. 24 (PAS 24) governing the guidelines and procedures for "transfer pricing documentations" involving related party transactions thru the submission of BIR Form No. 1709 and the supporting documents, as an attachment to the financial statements to be filed with the BIR.

The Company reported net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years, hence, meets the criteria provided by these Revenue Regulations, and accordingly, required to submit BIR Form 1709.

\* \* \*

**SCHEDULES**  
**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)*  
As at September 30, 2024

**Schedule A. Financial Assets**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at the end of reporting period	Income received and accrued
Cash*	N/A	P2,563,517	N/A	P1,436
Receivable – others	N/A	67,607,415	N/A	
Other non-current assets	N/A	5,035,000	N/A	
<b>P75,205,932</b>				<b>P1,436</b>

\*Excluding petty cash fund amounting to P669,049 as at September 30, 2024

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders**

Name and designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
Endure Medical, Inc.	P32,079,869	P -	P -	P -	P32,079,869	P -	P32,079,869
TIPP Digital Solutions Inc.	3,515,904	3,386,880	-	-	6,902,784	-	6,902,784
Receivable – others (various ACE Hospitals)	47,472	-	-	-	47,472	-	47,472
	<b>P35,643,245</b>	<b>P3,386,880</b>	<b>P -</b>	<b>P -</b>	<b>P39,030,125</b>	<b>P -</b>	<b>P39,030,125</b>

**Schedule C. Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements**

Name and designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
<b>- Not Applicable -</b>							

**Schedule D. Long –Term Debt**

Title of issue and type of Obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related statement of financial position	Amount shown under caption “Long-term debt” in related statement of financial position
Non-interest-bearing Notes Payable	P973,594,306	P15,000,000	P958,594,306

**Schedule E. Indebtedness to Related Parties (Long –Term Loans from Related Companies)**

Name of Related Party	Balance at beginning of Period	Balance at end of Period
Phil Pharmawealth, Inc.	P393,434,969	P528,334,969
Endure Medical, Inc.	45,233,526	46,023,501
	<b>P438,668,495</b>	<b>P574,358,470</b>

### Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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- Not Applicable -

### Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Founder's Shares	600	600	-	-	-	-
Common Shares	239,400	239,360	-	-	-	-
	<b>240,000</b>	<b>239,960</b>	-	-	-	-

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)*

**Statement of Accumulated Deficit**  
*As at September 30, 2024*

Accumulated Deficit, beginning of period	P345,203,042
Net loss incurred for the period	224,184,549
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<b>Accumulated Deficit, ending of period</b>	<b>P569,387,591</b>
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**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)

**MAP OF THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES**

*As at September 30, 2024*

**-Not Applicable -**

**EXPLANATION ON NON- APPLICABILITY OF CONGLOMERATE MAP**

Asia Pacific Medical Center- Iloilo, Inc., Asia Pacific Medical Center-Bacolod, Inc. and Asia Pacific Medical Center - Aklan, Inc. are not affiliate companies nor sister companies because they do not operate under one parent company. They are related only because the Chairman of the three companies, Dr. Ferjenel G. Biron, is one and the same person and they have interlocking directors and shareholders and common officers as follows:

Name of Stockholder	Percentage of Ownership and Position in APMC Iloilo	Percentage of Ownership and Position in APMC Bacolod	Percentage of Ownership and Position in APMC Aklan
Biron, Ferjenel G.	19.96%/ Chairman	8.22%/ Chairman	4.74%/ Chairman
Biron, Bryant Paul Q.	8.81%	1.61%	1.95%
Biron, Brandt Luke Q.	9.12%	1.61%	7.16%
Biron, Braeden John Q.	8.81%	1.61%	1.95%
Barrameda, Romulo S.	0.79%	None	1.58%
Comuelo, Jerusha A.	1.44%/Independent Director	0.76%	1.58%
Lavilla, Meride D.	2.92%/ Director	10.09%/ Director	3.16%/ Director
Lavalle Jr., Amado M.	1.55%/ President	2.38%	1.58%
Minerva, Ike T.	1.42%	2.31%	1.58%
Ong, Mary Flor G.	1.44%/ Treasurer	0.76%/	None
Perez, Ma. Grace G.	1.43%	0.76%	None
Regozo, Danilo C.	1.56%/ Executive Vice President	2.85%/ Executive Vice President	1.58%/ Director
Villaflor, Agnes Jean M.	1.57%/ Director	0.76%	1.58%
Fernandez, Lemuel T.	0.81% Asst. Treasurer	None	1.58%
Ramirez, Ruben B.	2.48%	None	1.58%
Samoro, Fredilyn G.	4.28% /Director	None	1.58%

**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)*

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

*As of September 30, 2024*

*(with comparative figures as of December 31, 2023)*

Financial KPI	Definition	30-Jun-24	31-Dec-23
<b>1. Liquidity</b>			
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.19 : 1	0.05 : 1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.45 : 1	0.32 : 1
<b>2. Solvency</b>			
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	2.37 : 1	1.61 : 1
<b>3. Profitability</b>			
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	0.00	0.00
Return on Equity	$\frac{\text{Net Income}}{\text{Stockholder's Equity}}$	0.00	0.00
<b>4. Leverage</b>			
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.68 : 1	0.65 : 1
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	3.98 : 1	2.89 : 1
<b>5. Interest Rate Coverage Ratio</b>	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0.00	0.00



**ASIA PACIFIC  
MEDICAL CENTER  
ILOILO**  
BRGY. UNGKA, JARO, ILOILO CITY,  
PHILIPPINES 5000

We hereby certify that the information set forth in this report for the quarter ended September 30, 2024 is complete and correct

That the Board of Directors reviews and approves the interim financial statements including the schedules attached therein.

That the interim financial statement of the company will be filed and subject to audit by the independent auditor appointed by the stockholders.

**Dr. Amado M. Lavallo Jr.**  
President

**Dr. Mary Flor G. Ong**  
Corporate Treasurer

**Cris T. Cortes**  
Chief Finance Officer