



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Type: Stock Corporation

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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)

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

17-Q (1st Qtr)
(FORM TYPE)

March 31, 2025
(Period Ended Date)

(Amendment Designation, if Applicable)

Issuer of Securities
(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2025**
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	239,390	
Debt Outstanding		P2,098,282,233

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 ☐

TABLE OF CONTENTS

	Page No.
Part I - Financial Information	3
Item 1 – Financial Statements	3
Item 2 – Management’s Discussion and Analysis	3
Results of Operations	3
Statement of Financial Condition	5
Financial Soundness Indicator	7
Trends, Events and/or Uncertainties	8
Part II - Other Information	9
Signatures	9
Annex A – Financial Statement	

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements (FS) of the Company as of and for the 3 months ended March 31, 2025 is 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 (March 31, 2025 vs. March 31, 2024)

	Horizontal Analysis				Vertical Analysis	
	31-Mar-25	31-Mar-24	Inc./ (Dec.)	%	31-Mar-25	31-Mar-24
Revenue	P82,148,885	P51,332,214	P30,816,671	60.03%	100.00%	100.00%
Direct Cost	(63,974,470)	(52,001,338)	11,973,132	23.02%	77.88%	101.30%
Gross profit/(loss)	18,174,415	(669,124)	18,843,539	2816.15%	22.12%	1.30%
Other income	816,308	504,708	311,600	61.74%	0.99%	0.98%
Gross income / (loss)	18,990,723	(164,416)	19,155,139	11650.41%	23.12%	0.32%
General and admin expenses	(64,387,756)	(42,531,409)	21,856,347	51.39%	78.38%	82.86%
Loss from operations	(45,397,033)	(42,695,825)	2,701,208	6.33%	55.26%	83.18%
Finance cost	(29,316,952)	(29,813,568)	(496,616)	-1.67%	35.69%	58.08%
Net Income / (loss) for the period	(P74,713,985)	(P72,509,393)	P2,204,592	3.04%	90.95%	141.26%

REVENUE

Hospital revenue reached Php82.15 million in the first quarter ending March 31, 2025, a 60.03% increase from the preceding year's Php51.33 million. Consistent efforts to maintain patient connections and refine product/service offerings contributed to this favorable sales trajectory. Hospital revenue includes inpatient and outpatient services:

- Pharmacy: Php28.37 million (31.07%)
- Room accommodations: Php18.25 million (20.00%)
- Pathology: Php15.17 million (16.62%)
- Imaging: Php8.60 million (9.41%)
- Central supply room: Php8.25 million (9.00%)
- Pulmonary: Php2.35 million (2.60%)
- Other specialized healthcare services: P10.33 million (11.30%)

DIRECT COST

Direct costs, directly attributable to patient care, increased due to factors like purchasing medicines and supplies, the surge in patient volume, and the need for specialized equipment and personnel. For the first quarter ended March 31, 2025, direct costs amounted to P63.97 million, comprising P33.36 million in direct hospital supplies and P30.61 million in direct overheads.

GENERAL AND ADMIN EXPENSES

This account consists of:

	For the 1st quarter periods March 31		Horizontal Analysis	
	2025	2024	Inc./(Dec.)	%
Salaries and Wages	P25,710,653	P26,251,848	(P541,195)	-2%
Depreciation	11,578,310	177,482	11,400,828	6276%
Utilities Expenses	7,829,492	9,453,208	(1,623,716)	-17%
SSS, PHIC and HDMF Contributions	4,121,398	3,751,741	369,657	10%
Professional Fees	4,561,761	-	4,561,761	100%
Housekeeping Expense	2,870,819	45,770	2,825,049	6172%
Security Services	2,628,907	1,787,920	840,987	47%
Taxes and Licenses	1,620,623	126,579	1,494,044	1180%
Office Supplies	1,487,591	241	1,487,350	617158%
Transportation and Travel Expenses	350,658	6,619	344,039	5198%
Repairs and Maintenance Expenses	256,136	126,063	130,073	103%
Communication Expenses	174,399	160,051	14,348	9%
Training, Workshop, Seminar	112,694	23,500	89,194	380%
Entertainment and Representation Expenses	45,849	46,253	(404)	-1%
Advertising Expenses	9,585	238,954	(229,369)	-96%
Rental Expense	6,316	-	6,316	100%
Membership and Subscription Expenses	2,500	35,000	(32,500)	-93%
Miscellaneous Expenses	1,020,065	300,180	719,885	240%
TOTAL	P64,387,756	P42,531,409	P21,856,347	51%

For the 1st quarter ending March 31, 2025, general and administrative expenses totaled Php64.39 million, a 51% increase from the preceding year's Php42.53 million. Salaries and allowances declined due to employee turnover, but the overall rise indicates substantial company-related costs for core business operations. These expenses include professional consultancy fees (Php4.56 million), housekeeping and security services (Php5.50 million), taxes and license fees (Php1.62 million), and other expenses (Php2.88 million). Depreciation expenses for the recognized building contributed Php9.18 million to this account.

Other Income

Other income is mostly derived from interest income earned from bank; and other miscellaneous income amounted to Php792.68; and Php815K, as of March 31, 2025, respectively.

Finance Costs

This consists of interest expenses incurred on bank and related party loans. For the 1st quarter ended March 31, 2025, interest incurred from bank loans and related party loans amounted to P32.68 million and P10.23 million, respectively.

Net Losses for the Period

Despite its financial deficit, the hospital faces challenges during the first quarter of 2025. To ensure its operational viability, it requires an increase in patient admissions. Additionally, the hospital collaborates with affiliated physicians for referrals and marketing campaigns to attract prospective patients. We remain optimistic about our ability to overcome these obstacles and provide exceptional hospital services to the community.

II. A STATEMENT OF FINANCIAL CONDITION (MARCH 31, 2025 VS. December 31, 2024)

ASSETS	Horizontal Analysis				Vertical Analysis	
	31-Mar-25	31-Dec-24	Inc./ (Dec.)	%	31-Mar-25	31-Dec-24
CURRENT ASSETS						
Cash and Cash Equivalent	P12,001,932	P13,830,999	(P1,829,067)	-13.22%	0.48%	0.55%
Trade Receivables	74,534,346	67,324,801	7,209,545	10.71%	3.01%	2.68%
Inventory	59,010,662	75,662,389	(16,651,727)	-22.01%	2.38%	3.01%
Other Receivables	13,358,265	10,070,362	3,287,903	32.65%	0.54%	0.40%
Advances to Contractors	26,488,134	26,488,134	-	0.00%	1.07%	1.05%
Advances to Suppliers	25,582,258	21,088,595	4,493,664	21.31%	1.03%	0.84%
Prepayments and other current assets	19,748,313	16,812,711	2,935,602	17.46%	0.80%	0.67%
TOTAL CURRENT ASSETS	230,723,910	231,277,991	(554,081)	-0.24%	9.31%	9.20%
NON-CURRENT ASSETS						
Property and Equipment (net)	2,203,149,758	2,238,660,948	(35,511,190)	-1.59%	88.91%	89.05%
Advances to Related Party	39,030,125	39,030,125	-	0.00%	1.58%	1.55%
Other Non-Current Assets	5,035,000	5,035,000	-	0.00%	0.20%	0.20%
TOTAL NON-CURRENT ASSETS	2,247,214,883	2,282,726,073	(35,511,190)	-1.56%	90.69%	90.80%
TOTAL ASSETS	P2,477,938,793	P2,514,004,064	(P36,065,271)	-1.43%	100.00%	100.00%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	P578,912,732	P529,464,018	P49,448,714	8.54%	23.36%	21.06%
Loans Payable to Individuals	14,903,226	15,703,226	(800,000)	-5.37%	0.60%	0.62%
Notes Payable - Current Portion	15,000,000	15,000,000	-	0.00%	0.61%	0.60%
TOTAL CURRENT LIABILITIES	608,815,958	560,167,244	48,648,714	7.99%	24.57%	22.28%
NON-CURRENT LIABILITIES						
Loans Payable to Related Party	543,871,969	543,871,969	-	0.00%	21.95%	21.63%
Notes Payable - net of Current Portion	945,594,306	955,594,306	(10,000,000)	-1.05%	38.16%	38.01%
TOTAL NON-CURRENT LIABILITIES	1,489,466,275	1,499,466,275	(10,000,000)	-0.67%	60.11%	59.64%
TOTAL LIABILITIES	2,098,282,233	2,059,633,519	38,648,714	1.88%	84.68%	81.93%
EQUITY						
Share Capital (net)	239,960,000	239,960,000	-	0.00%	9.68%	9.54%
Share Premium	957,372,662	957,372,662	-	0.00%	38.64%	38.08%
Retained Earnings/(Deficit)	(817,676,102)	(742,962,117)	(74,713,985)	10.06%	-33.00%	29.55%
TOTAL EQUITY	379,656,560	454,370,545	(74,713,985)	-16.44%	15.32%	18.07%
TOTAL LIABILITIES AND EQUITY	P2,477,938,793	P2,514,004,064	(P36,065,271)	-1.43%	100.00%	100.00%

Assets

As of the first quarter period ending March 31, 2025, the Company's assets have exhibited a consistent growth trajectory. This growth is primarily attributed to the strong performance of essential financial assets, including cash, receivables, and hospital supplies. These assets are necessary for ensuring patient care and optimizing operational efficiency.

As of March 31, 2025, the Company's total assets were Php2.48 billion, with Php230.72 million in current assets (9.31%) and Php2.25 billion in non-current assets (90.69%).

The non-current assets amounted to Php2.25 billion consists of the following:

Property and Equipment. In 2024, the completed construction project was reclassified to the building account, totaling Php1,836,310,239.24. This account depreciates over its 50-year useful life.

As of March 31, 2025, the building account includes:

- Land: Php28.29 million
- Building: Php1,836.35 billion
- Medical equipment: Php356.85 million
- Hospital equipment: Php114.76 million
- Kitchen tools: Php32.22 million
- Hospital vehicles: Php10.48 million
- Office equipment: Php17.29 million

Depreciation for the first quarter period amounted to Php11.58 million in general and administrative expenses and Php25.44 million in direct costs.

Advances to Related Party. Advances to related parties have no movement as of the end of the 1st quarter period.

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 amounting to P230.72 million consist of the following:

Cash and Cash Equivalents. The increase in cash and cash equivalent can be attributed to collection from its revenue during the 1st quarter period. Even though the hospital already operated, it faces challenges at the inception of its actual operation, one of its vital challenges is to increase the number of patient admission to sustain its daily operation, another is the reliance to its affiliate doctors for their referrals for the use of hospital services as well as the marketing promotion to reach wide range of potential patients to avail our cutting-edge services. We are positive to see reversals of these challenges for the upcoming quarters and thru the years as we continue providing hospital services to the people.

Inventory. As of March 31, 2025, the inventory account comprises general hospital maintenance supplies, medical and laboratory supplies, and drugs and medicines, amounting to P22.08 million, P24.10 million, and P12.82 million, respectively.

Trade and Other Receivables. The hospital's trade and other receivables indicate a positive financial position, although cash payments have not yet been received. Several factors contribute to this delay, including the billing methods employed for patients, the payment processes of insurance companies, and the payment arrangements made by patients for their medical care.

As of March 31, 2025, the hospital's trade and other receivables encompass funds from PHIC (P38.25 million), HMOs (P27.81 million), Government Institutions (P24.83 million), and other sources (P13.26 million).

Advances to contractors and suppliers. Advances to contractors are recognized as a benefit for each project awarded and are liquidated through deduction, on a pro-rata basis, from the contractor's periodic progress billings. As a result of the building's completion, there was no movement to this account during the 1st quarter period March 31, 2025. Advances to suppliers increased by P4.49 million (21.31%), representing down payments made to various hospital suppliers as of the 1st quarter period March 31, 2025.

Prepayments and other Current Assets. The account represents the unutilized cost of insurance, including Php1.81 million for premiums, Php1.90 million for taxes and licenses, and Php14.97 million for the excess of input over output VAT and the carryover of input VAT from previous periods. Additionally, the creditable withholding tax on IT amounted to Php1.05 million, and the creditable withholding tax on IT carryover from previous periods also contributed to this amount. As of the 1st quarter period ending March 31, 2025, the total amount credited to the account was Php1.05 million.

Liabilities

The Company's liabilities account amounted to Php2.10 billion which represents a share of 84.68% of its resources, as of March 31, 2025.

Liabilities consist of the following:

Accounts Payables and Other Liabilities. This account consists of the following: Accounts payable - contractors and suppliers amounted to P288.42 million; Retention Payable amounted to P41.80 million; Accrued Interest Payable P119.08 million; and other payables amounted to P129.60 million.

Loans Payable to Related Parties. These are loans extended by Phil Pharmawealth, Inc. (PPI) to the Company. As of 1st quarter period ending March 31, 2025, the balance stands at P543.87 million. These loans were granted to help pay off company obligations.

Loans from Individuals. These are loans accorded to the Company to help in the construction of the hospital building. These are gradually liquidated whenever funds are available. As at March 31, 2025, the balance amounted to P14.90 million.

Notes Payable (LBP) - On 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 P985,594,306 up to seven (7) years from date of effectivity with one (1) quarter grace period on principal and interest. As of March 31, 2025, the outstanding balance and finance cost incurred amounted to P960.59 and P6.87 million, respectively.

Equities

Total equity decreased by P74.71 million or 16.44% in as of the end of 1st quarter March 31, 2025 this can be attributed to total deficit incurred amounted to P74.71 million for the 1st quarter ending March 31, 2025.

III. A. FINANCIAL SOUNDNESS INDICATOR (MARCH 31, 2025 VS December 31, 2024)

Key Performance Indicators

	Definition	31-Mar-25	31-Dec-24	Remarks
1. Liquidity				
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.16:1	0.16:1	During the first quarter period March 31, 2025, a hospital frequently experiences a substantial increase in patient volume and revenue generation. This surge in cash flow can result in an elevated quick ratio, as the hospital gains enhanced access to its financial resources. Furthermore, the heightened level of trade and other receivables indicate that the hospital has generated revenue but has not yet received cash payments that are due to billing processes, insurance claims, or patient payment arrangements. Consequently, strategies have been implemented to optimize cash collection, thereby enhancing the company's access to funds and enabling its timely payment of debts.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.38:1	0.41:1	As of the 1st quarter period ending March 31, 2025, current assets improved. This can be attributed to collection from patient admissions and receivables for hospital and doctors' fees availed by patients who are members of the Philippine Health Insurance Corporation (PhilHealth) and other government institution such as DSWD and PCSO.
2. Solvency				
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	3.92:1	3.30:1	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.
3. Profitability				
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	0.00	0.00	While sales growth has been favorable, operational expenses have experienced an increase. Undeterred by these challenges, the hospital maintains optimism about surmounting them in the forthcoming years and providing exceptional healthcare services to our community.
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.
4. Leverage				
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.85:1	0.82:1	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	$\frac{\text{Total Asset}}{\text{Equity}}$	6.53:1	5.53:1	This increase in ratio shows that most of the company's assets are being acquired through loans and borrowings.
5. 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 March 31, 2025:

1. The company's quick asset ratio and current ratio both improved. This can be attributed to collection from patient admissions and receivables for hospital and doctors' fees availed by patients who are members of the Philippine Health Insurance Corporation (PhilHealth) and other government institution such as DSWD and PCSO. However, even though the hospital already operated, it faces challenges at the inception of its actual operation, one of its vital challenges is to increase the number of patient admission to sustain its daily operation, another is the reliance to its affiliate doctors for their referrals for the use of hospital services as well as the marketing promotion to reach wide range of potential patients to avail our cutting-edge services. We are positive to see reversals of these challenges for the upcoming quarters and thru the years as we continue providing hospital services to the people.
2. There are no seasonal aspects that had any material impact on the financial condition or results of operations of the Company.
3. 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.
4. 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.
5. 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.

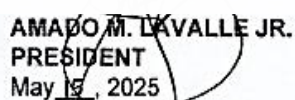
6. The company has no investments on foreign securities.
7. There were material commitments for capital expenditures during the period as disclosed in Note 11 of the financial statements.

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. DAVALLE JR.
PRESIDENT
May 15, 2025


CRIS T. CORTES
CHIEF FINANCE OFFICER
May 15, 2025

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 1st Quarter** dated 15 MAY 2025 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company **Asia Pacific Medical Center – 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 15 MAY 2025 day of 2025 at Iloilo City.

AMADO M. LAVALLE JR.

Affiant

SUBSCRIBED AND SWORN to before me this 15 MAY 2025 day of 2025 at Iloilo City, Philippines, affiant exhibiting to me his PRC ID #0068822 issued at Iloilo.

Doc. No. 1
Page No. 1
Book No. LVII
Series of 2025.

FILED DECEMBER 15, 2025
SEP. NO. 192567, 1/2/2025, PASIG CITY
PTR NO. 8795939, 1/2/2025, ILOILO CITY,
NOT. REG. NO. 14, ROLL NO. 2533
MCLE VIII UNTIL 4/14/2028; NO. 0013684
TIN 117-355-747
MEZZANINE FLOOR RED PLAZA BUILDING
M. RASAT, ILOILO CITY

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

Unaudited Interim Financial Statements

As of and for the 1st quarter period ended March 31, 2025
(with comparative figures as at December 31, 2024 and for the 1st quarter
period ended March 31, 2024)

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

STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2025 AND DECEMBER 31, 2024

(Amounts in Philippine Peso)

ASSETS	Notes	2025 Unaudited	2024 Audited
CURRENT ASSETS			
Cash	6	P12,001,932	P13,830,999
Receivables	7	87,892,611	77,395,163
Advances to contractors	8	26,488,134	26,488,134
Advances to suppliers	8	25,582,258	21,088,595
Inventories	9	59,010,662	75,662,389
Prepayments and other current assets	10	19,748,313	16,812,711
		230,723,910	231,277,991
NON-CURRENT ASSETS			
Property and equipment (net)	11	2,203,149,758	2,238,660,948
Advances to related parties	8,13	39,030,125	39,030,125
Other assets		5,035,000	5,035,000
		2,247,214,883	2,282,726,073
TOTAL ASSETS		P2,477,938,793	P2,514,004,064
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	13	P578,912,732	P529,464,018
Loans payable to individuals	14	14,903,226	15,703,226
Notes payable - current portion	15	15,000,000	15,000,000
		608,815,958	560,167,244
NON-CURRENT LIABILITIES			
Loans payable to a related party	16	543,871,969	543,871,969
Notes payable - net of current portion	15	945,594,306	955,594,306
		1,489,466,275	1,499,466,275
TOTAL LIABILITIES		2,098,282,233	2,059,633,519
EQUITY			
Share capital (net)	17	239,960,000	239,960,000
Share premium	17	957,372,662	957,372,662
Deficit	1	(817,676,102)	(742,962,117)
TOTAL EQUITY		379,656,560	454,370,545
TOTAL LIABILITIES AND EQUITY		P2,477,938,793	P2,514,004,064

(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 MARCH 31, 2025, 2024, 2023
(Amounts in Philippine Peso)

	<i>Notes</i>	2025	2024	2023
REVENUE		P82,148,885	P51,332,214	P -
DIRECT COST		(63,974,470)	(52,001,338)	-
GROSS LOSS		18,174,415	(669,124)	-
OTHER INCOME	6,15,18	816,308	504,708	7,850
GROSS INCOME (LOSS)		18,990,723	(164,416)	7,850
GENERAL AND ADMINISTRATIVE				
EXPENSES	19	(64,387,756)	(42,531,409)	(7,784,532)
LOSS FROM OPERATIONS		(45,397,033)	(42,695,825)	(7,776,682)
FINANCE COSTS	12,16	(29,316,952)	(29,813,568)	(10,043,780)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(P74,713,985)	(P72,509,393)	(P17,820,462)

(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 MARCH 31, 2025, 2024, 2023
(Amounts in Philippine Peso)

	Share Capital (Note 17)	Share Premium (Note 17)	Deficit (Note 1)	Total
EQUITY				
As at January 1, 2023	P235,670,000	P783,283,829	(P197,870,210)	P821,083,619
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)
As of December 31, 2023	239,960,000	953,896,162	(345,203,042)	848,653,120
Additional share capital	-	-	-	-
Share premium	-	3,476,500	-	3,476,500
Net loss for the year	-	-	(397,759,075)	(397,759,075)
As of December 31, 2024	239,960,000	957,372,662	(742,962,117)	454,370,545
Additional share capital	-	-	-	-
Share premium	-	-	-	-
Net loss for the year	-	-	(74,713,985)	(74,713,985)
As at March 31, 2025	P239,960,000	P957,372,662	(P817,676,102)	P379,656,560

(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 MARCH 31, 2025, December 31, 2024 and 2023

	<i>Notes</i>	2025	2024	2023
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Net loss before income tax		(P74,713,985)	(P397,759,075)	(P147,332,661)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	11	37,017,839	148,272,068	P5,394,843
Interest income	6,15,18	(793)	(2,106)	(19,158)
Interest expense	12,16	29,316,952	(155,699,208)	(36,970,036)
Operating cash outflows before changes in working capital		(8,379,987)	(405,188,321)	(P178,927,012)
Changes in working capital components:				
Decrease (increase) in current assets:				
Receivable	7	(10,497,448)	(69,436,588)	(5,520,519)
Inventories	9	16,651,727	(72,952,625)	(2,709,764)
Advances to related parties	8,13	-	-	(3,434,352)
Advances to contractors	8	-	23,909,814	7,645,069
Advances to suppliers	8	(4,493,663)	(13,322,407)	(6,214,534)
Prepayments and other current assets		(2,935,602)	(14,036,648)	(1,262,234)
Other non-current assets		-	(20,000)	171
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	13	39,490,464	229,246,192	46,267,666
Net cash provided/(used in) operations		29,835,491	(321,800,583)	(144,155,509)
Income tax paid	20	-	(953,920)	(171)
Interest received	6,15,18	793	2,106	19,158
Net cash provided/(used in)				
operating activities		P29,836,284	(P322,752,397)	(P144,136,522)
<i>Balance forwarded</i>				

		As at period ended March and December 31,		
	Notes	2025	2024	2023
Forwarded balance				
CASH FLOWS FROM				
INVESTING ACTIVITIES				
Additions to construction-in-progress	12	P -	P1,900,721,434	(P242,753,148)
Additions to property and equipment	11	(1,506,649)	(1,859,110,221)	(85,772,718)
Net cash provided/(used in) investing activities		(1,506,649)	41,611,213	(328,525,866)
CASH FLOWS FROM				
FINANCING ACTIVITIES				
Additional share capital	17	-	-	4,290,000
Additional share premium	17	-	-	170,612,333
Proceeds from subscription receivable		-	3,476,500	-
Payments of principal on bank loans	15	(10,000,000)	(15,000,000)	(13,747,867)
Additional loans payable	12		-	112,846,275
Proceeds from bank loan	15		-	-
Payments of loans payable				
to individuals	14	(800,000)	(4,639,474)	(424,000)
Proceeds of loans payable to a related party	16	-	150,437,000	155,600,000
Payments of advances				
from shareholders	13	-	-	-
Interest paid	12,16	(19,358,702)	155,699,208	36,970,036
Net cash provided/(used in) by financing activities		(30,158,702)	289,973,234	466,146,777
NET INCREASE/(DECREASE) IN CASH		(1,829,067)	8,832,050	(6,515,611)
CASH, beginning of the year		13,830,999	4,998,949	11,514,560
CASH, end of the year	6	P12,001,932	P13,830,999	P4,998,949
NONCASH INVESTING ACTIVITIES				
Accrued interest payable	13	P -	P -	25,635,193
Additions to construction-in-progress	12	-	-	(25,635,193)
		P -	P -	P -

(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.)

SELECTED NOTES TO FINANCIAL STATEMENTS

As of and for the 1st quarter period ended March 31, 2025 (with comparative figures as at December 31, 2024 and for the 1st quarter period ended March 31, 2024)
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

ASIA PACIFIC 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.

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.

The Company is a duly registered Board of Investment (BOI) - Accredited “New Operator of General Hospital” at Level 2 Category on a Non-Pioneering Status with Certificate of Registration No. 2023-065 in accordance with the provisions of the Omnibus Investment Code of 1987 (Executive Order No. 226) and pursuant to Title XIII of the Tax Code of 1997, as amended by Republic Act 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

The Certification entitles the Company to certain major incentives, to wit: (1) Income Tax Holiday (ITH) for six (6) years, Enhanced Deductions for five (5) years and (3) Duty exemptions for eleven (11) years. The Company shall start commercial operations in January 2023 (or within three (3) years from date of registration with the BOI) but availment shall in no case commence earlier than the date of registration with BOI.

The registered office is located at Barangay Ungka, Jaro, Iloilo City, where the hospital construction site is located.

Status of Operations

In 2023, the Company started the commercial operations of its multi-disciplinary medical facility to service the in-patient and out-patient operations, including the emergency medical services. The activation of the respective revenue centers of the hospital has been initiated to achieve full operational capacity and status.

During the 1st quarter period, the Company generated about P82.15 million in revenues from sales of services and goods (net of discounts and returns) over and above its direct operational cost of approximately P63.97 million with a resulting P18.17 million (more or less) gross income from operations. In spite the recorded net loss for the period, the Management views such an indication as a positive trend forward on its way to full operational capacity.

Accordingly, Management also believes that the pre-operating accumulated deficits suffered in prior years amounting to ₱831,257,578 and ₱742,962,117 as of March 31, 2025, and December 31, 2024, respectively, will be recovered in the ordinary course of business when full operational capacity is achieved.

The Hospital healthcare system is a highly-specialized endeavor of capital-intensive investments with a vast and sustainable healthcare upgrade infrastructure which normally takes an average of 5 to 7 years (after incorporation) to complete the structures and start-up or inaugurate its business line services. Moreover, the industry peculiarity aspect of this field of endeavor is that it will have to take another 4 or 5 years after inauguration, to recover its initial investments or capex, as well as achieve full commercial operations.

Authorization for Issuance of the Financial Statements

The unaudited interim financial statements of the Company as at and for the 1st quarter period ended March 31, 2025 (with comparative figures as at December 31, 2024 and for the 1st quarter period ended March 31, 2024), were approved and authorized for issuance by the Board of Directors on _____.

NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Statement of Compliance

Basis of Preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standard.

Basis of Measurement

The financial statements have been prepared under the historical cost basis, unless otherwise stated.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (Php), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New and Revised Accounting Standards Effective in 2024

The Company adopted all applicable accounting standards and interpretations as at December 31, 2024. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FSRSC in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

Adoption of Amended PFRS Effective Beginning on or after January 1, 2024:

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

The amendments clarify:

- That only covenants which an entity must comply on or before reporting date will affect a liability classification as current or non-current.
- That classification is unaffected by the leasehold that an entity will exercise its deferred right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

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

- 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 to assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

New and Amended PFRS and PIC Issuances in Issue but Not Yet Effective or Adopted

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements.

The Company intends to adopt the following pronouncements when they become effective;

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards – Volume 11
 - Amendments to PFRS, 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lease Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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.

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. These policies have been consistently applied to all years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Company presents its 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.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 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.

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

Fair Value Measurement

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

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements 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

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. 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 cash on hand) and receivables as at reporting date (see Notes 6 and 7).

Financial assets at 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 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 statements 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 90 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 depends on their 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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), notes payable, loans payable to individuals, and loans payable to a related party (see Notes 12,13,14, and 15).

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 to Contractors and Suppliers

Advances represent 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 and Hospital Supplies Inventories

Medical and hospital supplies inventories 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 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.

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.

During the 1st quarter period, the Construction-in-progress was closed to Building account.

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.

Other comprehensive income (loss)

Other comprehensive income (loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

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.

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 and it can be measured reliably.

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.

Foreign Currency Transactions

Transactions in currencies other than functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

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 $\frac{1}{2}$ 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 date, the Company has not yet established a Retirement Benefits Plan for its employees since no employee is entitled to date. The Company just started commercial operation in December 2023.

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.

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 1st quarter period, after giving retroactive effect to any bonus issued/declared during the 1st quarter period, 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.

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, inventories and intangible assets are 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 of March 31, 2025, and December 31, 2024.

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

	2025	2024
Cash in banks*	P11,517,364	10,956,804
Receivable – others	87,892,611	77,395,163
Other assets	5,035,000	5,035,000
	P104,444,975	93,386,967

**excluding petty cash fund amounting to P484,568.46 and P2,874,195 as at March 31, 2025, and December 31, 2024, respectively.*

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 March 31, 2025 and December 31, 2024.

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

	2025	2024
Advances to related parties	P39,030,125	P39,030,125
Advances to contractors	26,488,134	26,488,134
Advances to suppliers	25,582,259	21,088,595
Property and equipment (net)	2,203,149,758	2,238,660,948
	P2,294,250,276	P2,325,267,802

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:

Categories	Estimated Useful Life
Office equipment	3 - 5 years
Medical equipment	5 years
Hospital equipment	5-10 years
Kitchen Tools	3-5 years
Building	50 years

As at March 31, 2025, and December 31, 2024, the Company's property and equipment had carrying amounts of ₱2,203,149,758 and ₱2,238,660,948, respectively, as disclosed in Note 11.

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 March 31, 2025 and December 31, 2024, 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- and ₱-0- as at March 31, 2025 and December 31, 2024, respectively (see Note 21).

Deferred tax assets with full valuation allowance as at March 31, 2025, and December 31, 2024 and 2023 amounted to ₱ 187,546,261, ₱168,867,765, and ₱69,505,158, respectively (see Note 21).

NOTE 6 - CASH

This account consists of:

	2025	2024
Petty cash fund and cash on hand	P484,568	P2,874,195
Cash in banks	11,517,364	10,956,804
	P12,001,932	P13,830,999

Cash includes petty cash fund and cash on hand 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 ₱793, ₱2,106, and ₱19,158, in 2025, 2024 and 2023, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 19).

Unrealized foreign exchange gain (loss) resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱-0- and (₱310,228) in 2025 and 2024, respectively and is presented as part of "other income" in the statements of comprehensive loss (see Note 19).

NOTE 7 - RECEIVABLES

This account consists of:

	2025	2024
Due from PhilHealth and HMO's ¹⁾	P25,626,169	P49,067,415
Accounts receivables-government agencies ²⁾	48,908,177	17,920,759
Advances from employees and officers	3,403,930	3,502,861
Other receivables	9,954,336	6,904,128
	P87,892,612	P77,395,163

¹⁾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 Health Maintenance Organization (HMOs).

²⁾Accounts receivables pertain to financial assistance availed by patients from the Department of Social Welfare and Development (DSWD) and Philippine Charity Sweepstakes Office (PCSO).

Other receivables – represent promissory notes from local area patients which are collected in installments or staggered payments due within the year.

In determining the recoverability of receivables, the Company considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. Considering that majority of the accounts are relatively guaranteed by accredited providers, the Company believes that no allowance for doubtful accounts is required for both years.

NOTE 8 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account consists of:

	2025	2024
Advances to contractors ¹⁾	P26,488,134	P26,488,134
Advances to suppliers ²⁾	25,582,259	21,088,595
	P52,070,393	P47,576,729

¹⁾ 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. During the 1st quarter period, this account was offset to accounts payable contractors.

²⁾ 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.

NOTE 9 - MEDICAL AND HOSPITAL SUPPLIES INVENTORIES

The account comprises of the following balances as of March 31, 2025, and December 31, 2024:

	2025	2024
Medical and laboratory supplies ¹⁾	P24,103,427	P35,412,213
General hospital maintenance supplies ²⁾	22,082,952	22,887,457
Drugs and medicines for sale ³⁾	12,824,283	17,362,719
	P59,010,662	P75,662,389

¹⁾Medical and laboratory supplies refer to a wide array of materials, in the form of test or culture tubes and vessels, consumables, reagents, medical media and sera, etc., which are used in medical chemistry and various laboratory tests.

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

³⁾Drugs and medicines for sale are medicinal and therapeutic substances (in capsule, tablet or liquid forms) available at the Hospital's pharmacy which are intended for patient care and treatment.

NOTE 10 - PREPAYMENTS AND OTHER CURRENT OTHERS

The account comprises of the following balances as of March 31, 2025, and December 31, 2024

	2025	2024
Input Vat	P14,969,036	P12,424,124
Prepaid Taxes and Licenses	1,898,804	1,898,803
Prepaid insurance	1,813,542	1,535,864
Prepaid income tax	1,057,738	953,920
	P19,739,120	P16,812,711

NOTE 11 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at March 31, 2025 is as follows:

	Land	Building	Building Improvement	Office Equipment	Medical Equipment	Hospital Equipment	IT Equipment & Software	Kitchen Tools	Hospital Vehicle	Total
Cost:										
At beginning of year	P28,291,630	P1,836,316,739	P33,721	P3,427,143	P355,432,128	P114,697,074	P13,835,359	P32,215,795	P10,478,200	P2,394,727,789
Additions	-	-	-	-	1,421,801	59,706	25,143	-	-	1,506,649
Reclassification	-	-	-	-	-	-	-	-	-	-
Retirement	-	-	-	-	-	-	-	-	-	-
At end of year	28,291,630	1,836,316,739	33,721	3,427,143	356,853,929	114,756,780	13,860,502	32,215,795	10,478,200	P2,396,234,438
Accumulated depreciation:										
At beginning of year	-	36,726,335	3,934	1,576,267	70,413,534	29,905,788	6,256,872	9,088,471	2,095,640	153,971,201
Depreciation	-	9,181,584	1,686	152,059	18,071,543	7,368,928	631,249	1,610,790	-	39,113,479
Reclassification	-	-	-	-	-	-	-	-	-	-
At end of year	-	45,907,919	5,620	1,728,326	88,485,077	37,274,716	6,888,121	10,699,261	2,095,640	193,084,680
Net carrying value, March 31, 2025	P28,291,630	P1,790,408,820	P28,101	P1,698,817	P268,368,852	P77,482,063	P6,972,381	P21,516,534	P8,382,560	P2,203,149,758

Reconciliation of property and equipment (net) as at December 31, 2024 is as follows:

	Land	Building	Building Improvement	Office Equipment	Medical Equipment	Hospital Equipment	IT Equipment & Software	Kitchen Tools	Hospital Vehicle	Total
Cost:										
At beginning of year	28,291,630	–	–	17,362,737	345,534,261	112,390,315	30,658	32,007,967	–	535,617,568
Additions	–	1,836,316,739	33,721	135,024	9,897,867	2,306,759	–	207,828	10,478,200	1,859,376,138
Reclassification	–	–	–	(14,070,618)	–	–	14,070,618	–	–	–
Retirement	–	–	–	–	–	–	(265,917)	–	–	(265,917)
At end of year	28,291,630	1,836,316,739	33,721	3,427,143	355,432,128	114,697,074	13,835,359	32,215,795	10,478,200	2,394,727,789
Accumulated depreciation:										
At beginning of year	–	–	–	5,136,096	–	–	–	2,658,677	–	7,794,773
Depreciation	–	36,726,335	3,934	655,926	70,413,534	29,476,120	2,470,785	6,429,794	2,095,640	148,272,068
Reclassification	–	–	–	(4,215,755)	–	429,668	3,786,087	–	–	–
At end of year	–	36,726,335	3,934	1,576,267	70,413,534	29,905,788	6,256,872	9,088,471	2,095,640	156,066,841
Net carrying value, December 31, 2024	28,291,630	1,799,590,404	29,787	1,850,876	285,018,594	84,791,286	7,578,487	23,127,324	8,382,560	2,238,660,948

Depreciation on 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. During the 1st quarter period, the depreciation expense of medical and hospital equipment amounting to ₱25,439,528.27 was charged to cost of service (see Note 18).

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 ₱39,030,125 (Note 15) 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 constructed 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 March 31, 2025 and December 31, 2024, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

In 2024, the Construction-in-progress account was closed to Building account since the Hospital had been completed and have started commercial operation on December 2023.

	Construction -in- progress 2023	Amount of Transactions 2024	Building 2024
Payment to contractors	P1,343,138,443	P31,104,267	P1,374,242,710
Capitalized borrowing cost	205,146,757	–	205,146,757
Other related costs	256,920,772	–	256,927,272
	P1,805,205,972	P31,104,267	P1,836,316,739

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 one hundred percent (100%) in 2024.

NOTE 12 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2025	2024
Accounts payable – contractors and suppliers ¹⁾	P265,738,480	P339,278,543
Accrued interest payable ²⁾	119,075,109	95,515,462
Retention payable ³⁾	41,800,217	42,061,657
Statutory liabilities ⁶⁾	36,354,812	1,737,537
Accounts payable – nontrade ⁴⁾	35,243,642	33,513,950
Accrued expenses ⁵⁾	2,022,238	13,359,749
Other payables	55,994,632	3,997,120
	P556,229,130	P529,464,018

¹⁾ 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.

²⁾ Accrued interest payable refers to interest expense incurred on loans from bank (see Note 14).

³⁾ Retention payable refers to the amount withheld by the Company from the contractor's periodic progress billings as provided for in their respective contract. This 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.

⁴⁾ Accounts payable – nontrade pertains to unsettled fees to medical practitioners, legal, and other consultancy fees. It also includes obligations to housekeeping supplies and construction, which is a significant portion of the account.

⁵⁾ Accrued expenses are normally settled within one year from the financial reporting date.

⁶⁾ Statutory liabilities pertain to tax withheld from payment to suppliers, employees' compensation and statutory contributions to SSS, PHIC and HDMF.

NOTE 13 - 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.

NOTE 14 - NOTES PAYABLE

Notes payable as at March 31, 2025, and December 31, 2024, consist of:

	2025	2024
Notes Payable - net of Current Portion	P945,594,306	P955,594,306
Notes Payable - Current Portion	15,000,000	15,000,000
	P960,594,306	P970,594,306

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 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 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 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 11, 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.

On November 29, 2023, Landbank of the Philippines, approved the 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 at March 31, 2025, the outstanding balance amounted to ₱960,594,306 and interest expense incurred amounted to ₱32,683,075. Due to restructuring, finance cost cannot be allocated to hospital building and medical equipment and fixtures.

NOTE 15 - 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 December 31, 2024 and 2023:

Advances to related parties:

Category	Amount of Transactions 2024	Outstanding Balance 2024	Amount of Transactions 2025	Outstanding Balance 2025	Terms	Conditions
Receivable – others (various ACE hospitals)	P-	P47,472	P-	P47,472	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Endure Medical, Inc.	-	32,079,869	-	32,079,869	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solutions Inc.	-	6,902,784	-	6,902,784	Non-interest bearing, to be collected in cash (b)	Unsecured, unguaranteed, not impaired
	P-	P39,030,125	P-	P39,030,125		

Advances from related parties:

Accounts Payable - Endure Medical, Inc.	P18,534,833	P63,768,359	P1,966,360	P65,734,719	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Loans payable to a related party	150,437,000	543,871,969	-	543,871,969	Interest bearing, to be paid in cash (c)	Unsecured, unguaranteed, not impaired
	P168,971,833	P607,640,328	P1,966,360	P609,606,688		

(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).

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 8.50%-12% per annum and is payable subject to availability of funds. Interest incurred for the years ended March 31, 2025, December 31, 2024, and 2023 and is reflected in the statements of comprehensive loss amounted to ₱10,235,274, ₱56,927,769, 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 ₱0-, ₱7,571,693, and ₱3,330,000, for the periods ended March 31, 2025, December 31, 2024 and 2023, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

NOTE 16 - SHARE CAPITAL

Details of the Company's share capital as at March 31, 2025:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	P600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	P240,000,000
Subscribed share capital:		
Founder's shares	600	P600,000
Common shares	239,360	239,360,000
Total subscribed share capital	239,960	P239,960,000
Paid-up share capital:		
Founder's shares	600	P600,000
Common shares	239,360	239,360,000
Total paid-up share capital	239,960	P239,960,000

Details of the Company's share capital as at December 31, 2024:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	P600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	P240,000,000
Subscribed share capital:		
Founder's shares	600	P600,000
Common shares	239,360	239,360,000
Total subscribed share capital	239,960	P239,960,000
Paid-up share capital:		
Founder's shares	600	P600,000
Common shares	239,360	239,360,000
Total paid-up share capital	239,960	P239,960,000

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 THOUSAND SIX HUNDRED TWENTY (31,620)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱957,372,662. 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.

NOTE 17 - REVENUE

Revenues earned for the quarter ending March 31, 2025 and 2024 are as follows:

	2025	2024
Sale of Services	P90,293,231	P59,359,735
Sale of Goods	1,006,021	576,485
	91,299,252	59,936,220
Less: Sales Discount on Services	9,083,337	(7,304,497)
Sales Discount on Goods	34,332	(1,094,140)
Sales Return and Allowances	(205,369)	(205,369)
	(9,150,367)	(8,604,006)
Net Revenues	P82,148,885	P51,332,214

Sale of Services pertains to billings for patient care services, including doctors' appointments and consultancies, surgical procedures, medical chemistry and laboratory analyses and ancillary services.

Sale of goods refers to the sale of medications and medical supplies provided to patients during their stay or confinement or as part of their treatment plan.

Discounts and allowances – are cost of provision for free services at certain times, discounts or returns to underprivileged patients, senior citizens and employees.

NOTE 18 - DIRECT COSTS

Direct costs incurred for the quarter ending March 31, 2025 and 2024 are as follows:

	2025	2024
Cost of Hospital Services:		
Hospital supplies	P33,357,563	P6,928,674
Depreciation expense	25,439,528	26,494,513
Salaries and Wages	5,177,379	2,423,027
Professional Fees	-	14,390,944
Utilities Expense	-	1,764,180
	P63,974,470	P52,001,338

Direct costs are explicit expenditures with specific identification to the corresponding cost centers of hospital services.

NOTE 19 - OTHER INCOME

Other income earned for the quarter ending March 31, 2025 and 2024 are as follows:

	2025	2024
Interest income	P793	P94
Other revenue	815,515	504,614
	P816,308	P504,608

NOTE 20 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of account for the quarter ending March 31, 2025 and 2024 consists of:

	<i>Notes</i>	2025	2024
Salaries and allowances		P25,710,653	P26,251,848
Depreciation	11	11,578,310	177,482
Utilities		7,829,492	9,453,208
Professional fee and legal fees		4,561,761	-
SSS, PHIC and HDMF Contributions		4,121,398	3,751,741
Housekeeping expense		2,870,819	45,770
Security services		2,628,907	1,787,920
Taxes and licenses ¹⁾		1,620,623	126,579
Office supplies		1,487,591	241
Transportation and travel		350,658	6,619
Repairs and maintenance		256,136	126,063
Communication expense		174,399	160,051
Training and seminars		112,694	23,500
Entertainment and Representation		45,849	46,253
Advertising expenses		9,585	238,954
Rental		6,316	-
Miscellaneous expenses		1,020,065	300,180
		P64,387,756	P42,531,409

NOTE 21 - INCOME TAX EXPENSE

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

I. Regular Corporate Income tax (RCIT)	2025	2024	2023
Net loss before income tax	(P74,713,985)	(P397,759,075)	(P147,332,832)
Add (deduct) reconciling items:			
Interest expense arbitrage	-	526	4,789
Unrealized forex gain	-	310,228	(18,964)
Interest income subjected to final tax	(793)	(2,106)	(19,158)
Net operating loss	(74,714,778)	(397,450,427)	(147,365,993)
Tax rate		25%	25%
RCIT	NIL	NIL	NIL

II. Minimum Corporate Income Tax (MCIT)

As per Revenue-Regulations No. 09-98, a minimum corporate income tax is imposed using the 2% of gross income as of the end of the taxable year (whether calendar or fiscal year, depending on the accounting period employed) upon any domestic corporation beginning the fourth (4th) taxable year immediately following the taxable year in which such corporation commence its business operations.

Since commercial operation started only in December 2023, MCIT is not yet applied.

III. Tax Due (RCIT or MCIT whichever is higher)

	2025	2024	2023
RCIT or MCIT	P –	P –	P –
Less: Tax credits or payments			
Prior years excess tax credits	–	–	–
Quarterly income tax payments (1 st -3 rd quarter)	–	–	–
Creditable withholding tax (1 st - 3 rd quarter)	–	–	–
Creditable withholding tax (4 th quarter)	(953,920)	(953,920)	–
Prepaid Income Tax	(P953,920)	(P953,920)	P –

IV. Net Operating Loss Carry-Over (NOLCO)

As at December 31, 2025, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO			–	–	–	
2020	2025	43,425,573	–	–	–	43,425,573
2021	2026	34,889,728	–	–	–	34,889,728
		78,315,301	–	–	–	78,315,301

Revenue Regulation 25-2020, implementing Section 4 of the Bayanihan to Recover as One or Bayanihan 2 Act, particularly on the NOLCO of companies wherein 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). In 2022, the NOLCO reverted the carry-over-period to three years.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2022	2025	P78,315,301	P52,339,339	P -	P -	P130,654,640
2023	2026	-	147,365,993	-	-	278,020,633
2024	2027	-	397,450,427	-	-	675,471,060
2025	2028	-	74,713,985	-	-	74,713,985
		P78,315,301	P671,869,744	P -	P -	P750,185,045

V. Deferred Tax Assets

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

	2025	2024	2023
NOLCO	P750,185,045	P675,471,060	P278,020,633
Tax rate	25%	25%	25%
	187,546,261	168,867,765	69,505,158
MCIT	-	-	-
	187,546,261	168,867,765	69,505,158
Valuation allowance (Note 5)	(187,546,261)	(168,867,765)	(69,505,158)
Deferred tax asset (other noncurrent assets)	P -	P -	P -

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 2021 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.

NOTE 22 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2025	2024	2023
Loss attributable to ordinary shares	(P74,713,985)	(P397,759,075)	(P147,332,832)
Divide by: Weighted average number of ordinary shares outstanding	239,960	239,960	239,960
Basic loss per share	311.36	1,657.61	613.99

There are no potential dilutive ordinary shares outstanding as at December 31, 2025, 2024 and 2023.

NOTE 23 - 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 assets under the 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 assets under the 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.

As at December 31, 2025				
	Financial assets at amortized cost			
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks*	P11,517,364	P -	P -	P11,517,364
Receivable – others	87,892,611	-	-	87,892,611
Other non-current assets	-	5,035,000	-	5,035,000
	P99,409,975	P5,035,000	P -	P104,444,975

*Excluding petty cash fund amounting to P484,568 as at March 31, 2025.

As at December 31, 2024				
	Financial assets at amortized cost			
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks*	10,956,804	–	–	10,956,804
Receivables	77,395,163	–	–	77,395,163
Other non-current assets	–	5,035,000	–	5,035,000
	88,351,967	5,035,000	–	93,386,967

*Excluding petty cash fund amounting to P2,874,195 as at December 31, 2024.

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, 13 and 14).

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 March 31, 2025

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	P11,517,364	P -	P -	P -	P11,517,364
Receivable - others	87,892,611	-	-	-	87,892,611
Other non-current assets	-	-	5,035,000	-	5,035,000
	P99,409,975	P -	5,035,000	P -	P104,444,975

*Excluding petty cash fund amounting to ₱484,568 as at March 31, 2025.

Financial Liabilities:					
Accounts payable and other liabilities***	P99,855,547	P188,566,535	P -	P -	P288,422,082
Loans payable to individuals	-	-	14,903,226	-	14,903,226
Loans payable to a related party	-	-	543,871,969	-	543,871,969
Notes payable	15,000,000	-	945,594,306	-	960,594,306
	P114,855,547	P188,566,535	P1,504,369,501	P -	P1,807,791,583

***Excluding government liabilities amounting to ₱36,354,812 as at March 31, 2025.

As at December 31, 2024

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	10,956,804	-	-	-	10,956,804
Receivable - others	77,395,163	-	-	-	77,395,163
Other non-current assets	-	-	5,035,000	-	5,035,000
	88,351,967	-	5,035,000	-	88,351,967

*Excluding petty cash fund and cash on hand amounting to ₱2,874,195 as at December 31, 2024.

Financial Liabilities:					
Accounts payable and other liabilities***	363,618,023	164,108,458	-	-	527,726,481
Loans payable to individuals	-	-	15,703,226	-	15,703,226
Loans payable to a related party	-	-	543,871,969	-	543,871,969
Notes payable	15,000,000	-	955,594,306	-	970,594,306
	378,618,023	164,108,458	1,515,169,501	-	2,057,895,982

***Excluding government liabilities amounting to ₱1,737,537 as at December 31, 2024.

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 March 31, 2025		As at December 31, 2024	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets:				
Cash*	P11,517,364	P11,517,364	10,956,804	10,956,804
Receivable - others	87,892,611	87,892,611	77,395,163	77,395,163
Other non-current assets	5,035,000	5,035,000	5,035,000	5,035,000
	P104,444,975	P104,444,975	93,386,967	93,386,967

*Excluding petty cash fund and cash on hand amounting to ₱484,568 and ₱2,874,195 as at March 31, 2025 and December 31, 2024.

Financial Liabilities:				
Accounts payable and other liabilities***	P288,422,082	P288,422,082	527,726,481	527,726,481
Loans payable to individuals	14,903,226	14,903,226	15,703,226	13,703,226
Loans payable to a related party	543,871,969	543,871,969	543,871,969	540,871,969
Notes payable	960,594,306	960,594,306	970,594,306	975,594,306
	P1,807,791,583	P1,807,791,583	2,057,895,982	2,057,895,982

***Excluding government liabilities amounting to ₱36,354,812 and ₱2,289,008 as at March 31, 2025 and December 31, 2024, 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 March 31, 2025			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	P11,517,364	P -	P -
Receivable – others	-	87,892,611	-
Other non-current assets	-	5,035,000	-
	P11,517,364	92,927,611	-

*Excluding petty cash fund and cash on hand amounting to P484,568 as at March 31, 2025.

Financial Liabilities:			
Accounts payable and other liabilities***	P -	P288,422,082	P -
Loans payable to individuals	-	14,903,226	-
Loans payable to a related party	-	543,871,969	-
Notes payable	-	960,594,306	-
	-	P1,807,791,583	-

***Excluding government liabilities amounting to P36,354,812 as at March 31, 2025.

As at December 31, 2024			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	10,956,804		-
Receivable – others		77,395,163	-
Other non-current assets		5,035,000	-
	10,956,804	82,430,163	-

*Excluding petty cash fund and cash on hand amounting to P2,874,195 as at December 31, 2024.

Financial Liabilities:			
Accounts payable and other liabilities***	-	527,726,481	-
Loans payable to individuals	-	15,703,226	-
Loans payable to a related party	-	543,871,969	-
Notes payable	-	970,594,306	-
	-	2,057,895,982	-

***Excluding government liabilities amounting to P1,737,537 as at December 31, 2024.

There were no reclassifications made between the different fair value hierarchy level as at March 31, 2025 and December 31, 2024.

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 adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the 1st quarter periods ended March 31, 2025 and December 31, 2024.

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

	2025	2024
Share capital	P239,960,000	P239,960,000
Share premium	957,372,662	957,372,662
Deficit	(817,676,102)	(742,962,117)
	P379,656,560	P454,370,545

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.

SCHEDULES
ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)
As at March 31, 2025

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	P11,517,364	N/A	P793
Receivable – others	N/A	87,892,611	N/A	
Other non-current assets	N/A	5,035,000	N/A	
P104,444,975				P793

*Excluding petty cash fund amounting to P484,568 as at March 31, 2025

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 1 st Quarter Period
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
	P35,643,245	P3,386,880	P -	P -	P39,030,125	P -	P39,030,125

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
- Not Applicable -							

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	960,594,306	15,000,000	945,594,306

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.	P543,871,969	P543,871,969
Endure Medical, Inc.	63,768,359	65,734,719
	P607,640,328	P609,606,688

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 relate 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	239,350	-	-	-	-
	240,000	239,950	-	-	-	-

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

Statement of Accumulated Deficit
As at March 31, 2025

Accumulated Deficit, beginning of quarter	P742,962,117
Net loss incurred for the quarter	88,295,461
Accumulated Deficit, ending of quarter	P831,257,578

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 March 31, 2025

-Not Applicable-

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of March 31, 2025

(with comparative figures as of December 31, 2024)

Financial KPI	Definition	31-Mar-25	31-Dec-24
1. Liquidity			
Quick Asset Ratio	$\frac{\text{Cash + Receivables + Other Current Assets}}{\text{Current Liabilities}}$	0.16 : 1	0.16 : 1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.38 : 1	0.41 : 1
2. Solvency			
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	3.92 : 1	3.30 : 1
3. Profitability			
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
4. Leverage			
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.85 : 1	0.82 : 1
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	6.53 : 1	5.53 : 1
5. Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0.00	0.00



**ASIA PACIFIC
MEDICAL CENTER**

ILOILO

BRGY. UNKAL JARO, ILOILO CITY,
PHILIPPINES 5000

We hereby certify that the information set forth in this report for the quarter ended 31 March 2025 is complete and correct.

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

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

AMADO M. LAVALLE, JR.
President

 **MARY FLOR G. ONG**
Corporate Treasurer

 **CRIST T. CORTES**
Chief Finance Officer