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Receipt Date and Time: May 26, 2026 09:56:11 PM

Company Information

SEC Registration No.: CS201423954

Company Name: ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.

Industry Classification: N85122

Company Type: Stock Corporation

Document Information

Document ID: OST105262026811495725

Document Type: Quarterly Report

Document Code: SEC_Form_17-Q

Period Covered: March 31, 2026

Submission Type: Amendment

Remarks: None

Acceptance of this document is subject to review of forms and contents

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)

2026 DECEMBER 31
(Fiscal Year Ending-Month and Day)

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

March 31, 2026
(Period Ended Date)

SEC FORM 17-Q-A-1
(Amendment Designation, if Applicable)

Issuer of Securities
(Secondary License Type, if any)



**ASIA PACIFIC
MEDICAL CENTER
ILOILO**

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

CERTIFICATION

I, **AGNES JEAN M. VILLAFLO** 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, 5000 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 **SEC FORM 17-Q-A-1** dated MAY 19 2026 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 I comply with the requirements set forth in SEC Memorandum Circular No. 18 dated 09 October 2023 and SEC Notice dated 05 March 2025, for a complete and official submission of reports and/or documents through electronic mail and/or through the Electronic Filing and Submission Tool (eFAST) effective 28 March 2025; 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 hereunto affix my signature this MAY 19 2026, in Iloilo City.

AGNES JEAN M. VILLAFLO
Affiant

SUBSCRIBED AND SWORN TO before me this MAY 19 2026 at Iloilo City, Philippines, affiant exhibiting her PRC ID #0070893.

Doc. No. 408
Page No. 83
Book No. (
Series of 2026.

ATTY. KRISTAL JOY S. ADORACION
NOTARY PUBLIC
CITY and PROVINCE OF ILOILO
Notarial Commission No. 248 / Valid until 12-31-2026
Roll of Attorneys No. 124/2025
IBP No. 585076 / 1-4-2025 / Iloilo City
PTR No. 5810035 / 1-5-2025 / Iloilo City
DB OSO Business Center, Bldg 5, Lot 6, Boliang,
Mandurriao, Iloilo City
MCLE Compliance (Signed the Roll of Attorney's January 6, 2025)

Brgy. Ungka, Jaro, Iloilo City, 5000
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SECURITY AND EXCHANGE COMMISSION
SEC FORM 17-Q-A-1

**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 2026**
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	239,400	
Debt Outstanding		2,399,838,947

11. Are any or all of the securities listed on a Stock
Exchange? Yes [] No []

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

(b) has been subject to such filing requirements for the past ninety (90) days. Yes [] No []

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PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements (FS) of the Company as of and for the 3 months ended March 31, 2026 is incorporated herein. is filed as part of this SEC FORM 17-Q-A-1.

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, 2026 vs. March 31, 2025)

	Horizontal Analysis				Vertical Analysis	
	31-March-26	31-March-25	Inc./ (Dec.)	%	31-March-26	31-March-25
Net Revenue	P107,536,458	P82,148,885	25,387,573	30.90%	100.00%	100.00%
Direct Cost	(66,207,525)	(63,974,470)	2,233,055	-3.49%	61.57%	77.88%
Gross profit/(loss)	41,328,933	18,174,415	23,154,518	127.40%	38.43%	22.12%
Other income	2,776,785	816,308	1,960,477	240.16%	2.58%	0.99%
Gross income / (loss)	44,105,718	18,990,723	25,114,995	132.25%	41.01%	23.12%
General and admin expenses	(71,870,856)	(64,381,440)	7,489,416	-11.63%	66.83%	78.37%
Loss from operations	(27,765,138)	(45,390,717)	(17,625,579)	38.83%	25.82%	55.25%
Finance cost	(35,890,364)	(42,918,349)	(7,027,985)	16.38%	33.38%	52.24%
Net Income / (loss) for the period	(P63,655,502)	(P88,309,066)	(P24,653,564)	27.92%	59.19%	107.50%

REVENUE

During the third quarter ending March 31, 2026, Hospital generated Php107.54 million in revenue, net of discounts, representing a 30.90% increase from the previous year's Php82.15 million. This positive trend underscores the hospital's commitment to fostering patient relationships and continuously enhancing its products and services. Hospital's gross revenue of Php122.94 million includes the following services:

- Pharmacy: Php35.91 million (29.21%)
- Room accommodation: Php22.31 million (18.15%)
- Laboratory: Php19.04 million (15.49%)
- Imaging: Php10.96 million (8.91%)
- Central supply room: Php10.69 million (8.70%)
- Pulmonary: Php5.56 million (4.52%)
- Dialysis: Php4.91 million (4.00%)
- Other specialized healthcare services: Php13.56 million (11.03%)

DIRECT COST

Direct costs, directly attributable to patient care, experienced an increase due to factors such as the procurement of medications and supplies, the surge in patient volume, and the requirement for specialized equipment and personnel. For the third quarter concluded on March 31, 2026, Php66.21 million, comprising Php39.71 million in direct hospital supplies and Php26.50 million in direct overheads.

GENERAL AND ADMIN EXPENSES

This account consists of:

	For the 1st quarter periods March		Horizontal Analysis	
	2026	2025	Inc./(Dec.)	%
Salaries and Wages	P23,491,369	P25,710,653	(P2,219,284)	-8.63%
Utilities Expenses	12,563,082	7,829,492	4,733,590	60.46%
Depreciation	11,948,988	11,578,310	370,678	3.20%
Professional Fees	5,761,241	4,561,761	1,199,480	26.29%
SSS, PHIC and HDMF Contributions	3,852,257	4,121,398	(269,141)	-6.53%
Security Services	3,043,597	2,628,907	414,690	15.77%
Office Supplies	2,642,211	1,487,591	1,154,620	77.62%
Housekeeping Expense	1,898,531	2,870,819	(972,288)	-33.87%
Repairs and Maintenance Expenses	883,183	256,136	627,047	244.81%
Taxes and Licenses	643,111	1,620,623	(977,512)	-60.32%
Communication Expenses	393,281	174,399	218,882	125.51%
Training, Workshop, Seminar	277,750	112,694	165,056	146.46%
Transportation and Travel Expenses	112,756	350,658	(237,902)	-67.84%
Entertainment and Representation Expenses	111,836	45,849	65,987	143.92%
Board meetings and conferences	15,000	-	15,000	100.00%
Advertising Expenses	-	9,585	(9,585)	-100.00%
Miscellaneous Expenses	4,232,663	1,022,565	3,210,098	313.93%
TOTAL	P71,870,856	P64,381,440	P7,489,416	11.63%

General and administrative expenses for the 1st quarter ending March 31, 2026, amounted to Php71.87 million, a 11.63% increase from the previous year's Php64.38 million. This substantial increase reflects core business operations expenses, including salaries and wages (Php23.49 million), utilities (Php12.56 million), depreciation (Php11.94 million), professional consultancy fees (Php5.76 million), housekeeping and security services (Php4.94 million), taxes and license fees (Php0.64 million), and other expenses (Php 12.54 million). The significant increase in depreciation expenses is attributed to the building amounting to Php9.19 million as of March 31, 2026.

Other Income

Other income is mostly derived from interest income earned from bank; affiliation fee and other miscellaneous income amounted to Php2,174; and Php2.77 million, during the first quarter period ending March 31, 2026, respectively.

Finance Costs

This consists of interest expenses incurred on bank and related party loans. For the 1st quarter ended March 31, 2026, bank loans incurred Php18.98 million in interest, while related party loans incurred Php16.91 million.

Net Losses for the Period

Despite its financial deficit, the hospital encountered challenges during the first quarter of 2026. To sustain its operations, it requires an increase in patient admissions and collaborates with affiliated physicians for referrals and marketing initiatives. We remain optimistic about overcoming these obstacles and delivering exceptional hospital services.

II. PLAN OF OPERATION

Asia Pacific Medical Center–Iloilo, Inc. (“APMC Iloilo” or the “Hospital”) incurred net losses during the last two (2) fiscal years. Management attributes such losses primarily to the Hospital’s early-stage operating profile following inauguration, the fixed costs inherent in hospital operations, the gradual build-up of patient volumes, and the continuing expenditures necessary to support personnel, equipment, utilities, and other operational requirements.

Management notes that, based on industry experience and as observed by the Hospital’s independent auditor, healthcare institutions of similar scale typically require approximately four (4) to five (5) years from inauguration to recover initial capital expenditures and attain more stable operating levels. In this regard, management believes that the Hospital’s financial performance to date remains generally consistent with the expected development period of a newly established hospital facility.

During the current year, the Hospital recorded a 47% increase in gross revenues compared to the previous year. Management believes that this growth is aligned with internal projections and reflects continued improvement in patient volumes, service utilization, physician referrals, and market awareness within the City and Province of Iloilo. Although the Hospital has not yet attained profitability, management considers the current revenue growth trend to be a positive indicator of its ongoing operational development.

For the next twelve (12) months, the Hospital's plan of operation shall focus on: (i) increasing patient volumes and revenues, (ii) improving operating efficiency and expense management, (iii) strengthening liquidity and collections, and (iv) supporting operations and future growth through additional capitalization.

Management's principal operating objectives are to:

1. Increase patient volumes in major service lines, including inpatient, outpatient, emergency, surgery, women's health, pediatrics, diagnostics, laboratory, imaging, and ancillary services;
2. Improve utilization of existing facilities, equipment, and manpower;
3. strengthen referral relationships with physicians, clinics, and healthcare providers in Iloilo and nearby areas;
4. Improve billing, claims processing, and collection efforts, particularly for government healthcare programs, HMOs, corporate accounts, and self-pay patients;
5. Implement cost management measures, including tighter control over operating expenses, inventory, manpower, and non-essential expenditures; and
6. Preserve liquidity through internally generated cash flows, working capital management, and, when necessary, capital-raising or financing initiatives.

As part of its capital strengthening measures, management intends to recommend an increase in the Hospital's authorized capital stock, subject to approval by the Board of Directors and stockholders. The Hospital also plans to pursue a second round of public offering of its shares, subject to compliance with the requirements of the Securities and Exchange Commission and other applicable regulatory approvals.

Management believes that, if successfully implemented, these capital measures will provide additional resources to support operations, strengthen the Hospital's balance sheet, and fund priority investments. However, there can be no assurance that such capital-raising initiatives will be completed within the expected timeframe.

The Hospital likewise intends to continue prioritizing the development of its core revenue-generating departments while exercising prudent control over operating costs and limiting capital expenditures to those necessary for patient care, operational continuity, compliance, and selected service improvements. Currently, the Company employs approximately seven hundred fifty six (756) individuals. The decision to hire additional employees will be contingent upon the outcome of the upcoming hospital census.

Management recognizes that the execution of its plan of operation remains subject to various risks and uncertainties, including competitive conditions, cost inflation, staffing constraints, reimbursement and collection delays, regulatory developments, and broader economic conditions. While there can be no assurance that the Hospital will achieve profitability within the next twelve (12) months, management believes that its current revenue growth trend and planned capital measures provide a reasonable basis for the continuation of operations and the gradual improvement of financial performance.

The Company intends to purchase the following equipment to attract more patients:

1. Pet scan
2. Cath lab Machine
3. Mechanical Ventilators (High-End With Advanced Modes) -Avea (3IN1 Ventilator)
4. Cyber Ho Magneto System 152W Holmium: YAG Surgical Laser System
5. Hospital Waste Management Plant
6. Sonomammography
7. M822 Leica Microscope
8. Portable Ultrasound(Ge)
9. Mammo(Ui)2D
10. KW ON-Grid Rooftop Solar
11. Alcon Centurion Phacoemulsification Machine

12. 2D Echo Vivid T9 (GE)
13. Ultrasound LOGIQ P8 (GE)
14. Cardiac Rehab System
15. Polysomnography Machine (Sleep Machine)
16. NCV/EMG
17. EEG
18. Infusion Pump
19. Super Inductive System BTL-6000
20. Syringe Pump
21. Sewage Treatment Plant
22. Bone Densitometry
23. Treadmill (GE)
24. Biosafety Cabinet Class III
25. Calibration Tools
26. ECG Machine (GE)
27. Detecto Weighing Scale
28. Ortho Table
29. Fracture Bed

These are expected to enhance service capacity and support the Hospital's operational and revenue growth objectives, subject to funding availability.

III. STATEMENT OF FINANCIAL CONDITION (March 31, 2026 VS. December 31, 2025)

	Horizontal Analysis				Vertical Analysis		
	31-March-26	31-Dec-25	Inc./Dec.	%	31-March-26	31-Dec-24	
ASSETS							
CURRENT ASSETS							
Cash	P26,414,935	P23,296,041	3,118,894	13.39%	0.96%	0.86%	(1.1)
Receivables	192,816,543	165,796,569	27,019,974	16.30%	7.04%	6.11%	(1.1)
Advances to contractors and suppliers	89,868,430	72,449,059	17,419,371	24.04%	3.28%	2.67%	(1.1)
Medical and hospital supplies inventories	47,935,244	59,994,528	(12,059,284)	%	1.75%	2.21%	(1.1)
Prepayments and other current assets	33,109,906	28,714,938	4,394,968	15.31%	1.21%	1.06%	(1.1)
TOTAL CURRENT ASSETS	390,145,058	350,251,135	39,893,923	11.39%	14.24%	12.90%	(1.1)
NON-CURRENT ASSETS							
Property and equipment (net)	2,342,868,883	2,357,222,256	(14,353,373)	-0.61%	85.51%	86.84%	(1.1)
Advances to related parties	6,950,256	6,950,256	-	0.00%	0.25%	0.26%	
TOTAL NON-CURRENT ASSETS	2,349,819,139	2,364,172,512	(14,353,373)	-0.61%	85.76%	87.10%	(1.1)
TOTAL ASSETS	2,739,964,197	2,714,423,647	25,540,550	0.94%	100.00%	100.00%	(1)
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Accounts payable and other liabilities	717,399,179	689,539,570	27,859,609	4.04%	26.18%	25.40%	(1)
Loans payable to individuals	91,589,939	15,703,226	75,886,713	%	3.34%	0.58%	(1)
Notes payable - current portion	227,010,404	191,558,072	35,452,332	18.51%	8.29%	1.66%	(1)
TOTAL CURRENT LIABILITIES	1,035,999,522	896,800,868	139,198,654	15.52%	37.81%	27.64%	
NON-CURRENT LIABILITIES							
Notes payable - net of current portion	757,790,363	954,351,037	(50,002,602)	-6.19%	27.66%	35.16%	(1)
Loans payable to related party	544,871,969	544,871,969	-	0.00%	19.89%	20.07%	(1)
Deferred tax liability	61,177,093	61,177,093	-	0.00%	2.23%	2.25%	(1)
TOTAL NON-CURRENT LIABILITIES	1,363,839,425	1,560,400,099	(50,002,602)	-3.54%	49.78%	55.23%	
TOTAL LIABILITIES	2,399,838,947	2,310,642,895	89,196,052	3.86%	87.59%	82.87%	(1)
EQUITY							
Share Capital (net)	240,000,000	240,000,000	-	0.00%	8.76%	8.84%	
Share Premium	958,532,662	958,532,662	-	0.00%	34.98%	35.31%	
Revaluation surplus	183,531,277	183,531,277	-	0.00%	6.70%	6.76%	
Retained Earnings/(Deficit)	(1,041,938,689)	(978,283,187)	(63,655,502)	6.51%	-38.03%	-36.04%	
TOTAL EQUITY	340,125,250	403,780,752	(63,655,502)	-15.76%	12.41%	17.13%	(11)
TOTAL LIABILITIES AND EQUITY	P2,739,964,197	2,714,423,647	25,540,550	0.94%	100.00%	100.00%	

Assets

<p>[I]</p>	<p>Assets</p>	<p>As of the first quarter period ending March 31, 2026, 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.</p> <p>As of March 31, 2026, the Company's total assets were Php2.74 billion, with Php0.39 billion (14.24%) in current assets and Php2.34 billion (85.76%) in non-current assets.</p>
<p>[I.I]</p>	<p>Non-Current Assets</p>	<p>The Company's non-current assets consisted of the following:</p> <p>Property and Equipment, Net of Depreciation As of March 31, 2026, this account consists of the land with revalued carrying amount of Php273.00 million, Building - Php1,753.77 billion, medical equipment - Php238.97 million, hospital equipment - Php50.05 million, kitchen tools - Php15.22 million, hospital vehicles - P5.76 million, and office equipment - Php6.10 million.</p> <p>During the year, the Company had its land appraised. The property was inspected on February 8, 2026, and the appraisal report was issued on March 9, 2026, by Cubing Surveying, an independent professional valuer accredited with the Securities and Exchange Commission (SEC). The valuation was performed using the Sales Comparison Approach, which relies on market evidence of recent transactions for comparable properties in the same area.</p> <p>Advances to Related Party Advances to related parties have no movement as of March 31, 2026</p>
<p>[I.II]</p>	<p>Current Assets</p>	<p>The current assets consist of the following:</p> <p>Cash and Cash Equivalents The surge in cash and cash equivalents is attributable to collections from its revenue streams. The hospital consistently encounters substantial increments in patient volume and revenue generation. Despite commencing operations, it encountered challenges, including escalating patient admissions to sustain daily operations and relying on its affiliate physicians for referrals. Furthermore, the hospital engaged in marketing and promotional endeavors to attract potential patients. It remains optimistic about overcoming these challenges as it continues to provide hospital services to the public.</p> <p>Medical and Hospital Supplies Inventories As of March 31, 2026, the inventory account comprises general hospital maintenance supplies; medical and laboratory supplies; and drugs and medicines, amounting to Php21.53 million, Php19.26 million, and Php7.15 million, respectively.</p> <p>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.</p> <p>As of March 31, 2026, the hospital's trade and other receivables encompass funds from PHIC (Php72.92 million), HMOs (Php55.10 million), Government Institutions (Php44.23 million), and other sources (Php20.57 million).</p> <p>Refundable deposits, including Php5.00 million to MORE POWER Corporation, Php15,000 to Iloilo Medical Society for office rent, and Php20,000 for drug testing services from the Department of Health, have been reclassified to the other receivable, current assets account. These deposits are expected to be applied for or recovered as per the agreements and regulatory requirements.</p> <p>Advances to contractors and suppliers 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 material movement to this account as at March 31, 2026. Advances to suppliers increased by Php17.42 million (24.04%), representing down payments made to various hospital suppliers as at March 31, 2026.</p> <p>Prepayments and other Current Assets The account represents the unutilized cost of insurance amounted to Php0.82 million, Php24.34 million for the excess of input over output VAT and the carryover of input VAT from previous periods, and prepaid income tax of Php7.94 million, as at March 31, 2026.</p>

[II]	Liabilities	<p>Accounts Payables and Other Liabilities This account consists of the following: Accounts payable - contractors and suppliers amounting to Php368.59 million; Retention Payable amounting to Php40.56 million; Accrued Interest Payable Php172.20 million; and other payables amounting to Php136.05 million.</p> <p>Loans Payable to Related Parties These are loans extended by Phil Pharmawealth, Inc. (PPI) to the Company. As of December 31, 2024, the balance stands at P544.87 million. These loans were granted to help pay off company obligations.</p> <p>Loans from Individuals These are loans provided to the Company to help in the construction of the hospital building and sustain its operations. These are gradually liquidated whenever funds are available. As of March 31, 2026, the balance amounted to Php91.59 million.</p> <p>Notes Payable (LBP) In 2023, Landbank of the Philippines, approved the restructuring of the total outstanding balance of term loan 1, 3 and 4 in the amount of Php985,594,306 up to seven (7) years from date of effectivity with one (1) quarter grace period on principal and interest. In 2024, it approved Term Loan 6 and a Working Capital Line for P70 million and P30 million, respectively. As at March 31, 2026, the outstanding balance amounted to Php984.80 million and interest expense incurred amounted to Php18.98 million.</p> <p>Deferred Tax Liabilities This account represents the recognized deferred tax liability on revaluation resulted from the conducted land appraisal.</p>
[III]	Equity	<p>The Company's land was appraised in 2026 by Cubing Surveying, an SEC-accredited professional valuer. The appraisal report, issued on March 9, 2026, used the Sales Comparison Approach based on recent comparable property transactions. As of December 31, 2025, the revaluation resulted in a surplus of Php244,708,370.</p> <p>As of March 31, 2026, the total equity stood at Php340.13 million, a decrease of Php63.66 million (15.76%) resulting from the loss incurred during the quarter.</p>

IV. FINANCIAL SOUNDNESS INDICATOR (March 31, 2026 VS December 31, 2025)

Key Performance Indicators

	Definition	31-March-26	31-Dec-25	Remarks
1. Liquidity				
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.21:1	0.21:1	During the first quarter of its operations in 2026, the hospital encountered an elevated level of trade and other receivables. This suggests that the hospital has generated revenue but has not yet received cash payments due to billing processes, insurance claims, or patient payment arrangements. Additionally, current liabilities have experienced significant increase. The rise in current liabilities can be attributed to the recognized current portion of the long-term bank loan and advances from the stockholders to be utilized for operational purposes. Consequently, strategies have been implemented to optimize cash collection, thereby enhancing the company's access to funds and facilitating its timely payment of debts.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.38:1	0.39:1	During the first quarter of its operations in 2026, the hospital experienced an increase in patient volume and revenue, which resulted in a decrease in its current asset ratio compared to the previous year. This reduction can be attributed to an increase in receivables and current liabilities. While the hospital has generated revenue, it has not yet received cash payments due to billing processes, insurance claims, or patient

				payment arrangements. Additionally, current liabilities have significantly increased. This rise in current liabilities can be attributed to the recognition of the current portion of the long-term bank loan and advances from stockholders intended for operational purposes. In response to these challenges, the hospital has implemented strategies to optimize cash collection, thereby improving its access to funds and ensuring timely payment of debts.
2. Solvency				
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	4.01:1	3.50:1	The rise in long-term debt is attributed to additional loans granted to the hospital, while the revenue generated from sales has not yet been sufficient to cover the expenses incurred in the 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	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.88:1	0.85:1	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	$\frac{\text{Total Asset}}{\text{Equity}}$	8.06:1	6.72:1	This increase in the ratio indicates that a substantial portion of the hospital's assets, including the most recent medical equipment, the hospital's buildings, and its infrastructure, is being financed through loans and borrowing.
5. Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0.00	0.00	An increase in the Interest Coverage Ratio (ICR) can be attributed to the company's efforts in timely payments and effective debt management throughout the year.

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

As of March 31, 2026:

1. The company's improved quick asset and current ratios reflect enhanced liquidity, primarily due to increased collections from patient admissions and receivables from PhilHealth and other government agencies such as DSWD and PCSO. While the hospital remains operational, it continues to face initial challenges, including the need to boost patient admissions, reduce reliance on affiliate doctors for referrals, and strengthen marketing efforts to expand its patient base. Management remains optimistic that these issues will be addressed in the coming quarters through ongoing service enhancements and operational strategies. There are no seasonal aspects that had any material impact on the financial condition or results of operations of the Company.
2. 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.
3. 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.
4. 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 in 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 therefor before the Insurance Commission. Kionisala filed a Motion for Reconsideration dated 25 November 2020 but was denied. Later on, he filed 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 11 December 2018 and letter dated 29 November 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 submitted its compliance on 22 September 2022, copy of which was received by APMC Iloilo on 19 October 2022.

On 01 September 2025, APMC Iloilo received a Resolution dated 05 March 2025, directing the parties to file their respective Comments on the petitioner's Petition for Certiorari within an inextendible period of ten (10) days from notice. APMC Iloilo subsequently filed its Comment on 11 September 2025.

As of 31 March 2026, to the knowledge and information of the Company, there are no other pending material legal proceedings that involve APMCI or any of its properties aside from the aforementioned case.

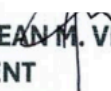
5. The company has no investment on foreign securities.
6. There were material commitments for capital expenditure during the period as disclosed in Note 11 of the financial statements.

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.


AGNES JEAN M. VILLAFIOR
PRESIDENT
May 19, 2026


CRIST T. CORTES
CHIEF FINANCE OFFICER
May 19, 2026

**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, 2026
(with comparative figures as at December 31, 2025 and for the 1st quarter
period ended March 31, 2025)

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

STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2026 AND DECEMBER 31, 2025
(Amounts in Philippine Peso)

ASSETS	<i>Notes</i>	2026 Unaudited	2025 Audited
CURRENT ASSETS			
Cash	<i>4,6,26</i>	P26,414,935	P23,296,041
Receivables	<i>4,7,26</i>	192,816,543	165,796,569
Advances to contractors and suppliers	<i>4,8</i>	89,868,430	72,449,059
Medical and hospital supplies inventories	<i>4,9</i>	47,935,244	59,994,528
Prepayments and other current assets	<i>4,10</i>	33,109,906	28,714,938
		390,145,058	350,251,135
NON-CURRENT ASSETS			
Property and equipment (net)	<i>4,11</i>	2,342,868,883	2,357,222,256
Advances to related parties	<i>12,26</i>	6,950,256	6,950,256
		2,349,819,139	2,364,172,512
TOTAL ASSETS		2,739,964,197	2,714,423,647
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	<i>4,13,26</i>	717,399,179	689,539,570
Loans payable to individuals	<i>14,26</i>	91,589,939	15,703,226
Notes payable - current portion	<i>15,26</i>	227,010,404	191,558,072
		1,035,999,522	896,800,868
NON-CURRENT LIABILITIES			
Notes payable - net of current portion	<i>15,16</i>	757,790,363	807,792,965
Loans payable to a related party	<i>12</i>	544,871,969	544,871,969
Deferred tax liability	<i>16,18</i>	61,177,093	61,177,093
		1,363,839,425	1,413,842,027
TOTAL LIABILITIES		2,399,838,947	2,310,642,895
EQUITY			
Share capital (net)	<i>4,17</i>	240,000,000	240,000,000
Share premium	<i>4,17</i>	958,532,662	958,532,662
Revaluation surplus	<i>16,18</i>	183,531,277	183,531,277
Deficit	<i>4,26</i>	(1,041,938,689)	(978,283,187)
TOTAL EQUITY		340,125,250	403,780,752
TOTAL LIABILITIES AND EQUITY		P2,739,964,197	P2,714,423,647

(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, 2026 AND 2025
(Amounts in Philippine Peso)

	<i>Notes</i>	2026	2025
REVENUE	<i>4,19</i>	P107,536,458	P82,148,885
DIRECT COST	<i>4,20</i>	66,207,525	63,974,470
GROSS INCOME		41,328,933	18,174,415
OTHER INCOME	<i>4,6,21</i>	2,776,785	816,308
GROSS INCOME		44,105,718	18,990,723
GENERAL AND ADMINISTRATIVE EXPENSES	<i>4,22</i>	71,870,856	64,381,440
LOSS FROM OPERATIONS		(27,765,138)	(45,390,717)
FINANCE COSTS	<i>12,15</i>	(35,890,364)	(42,918,349)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(P63,655,502)	(P88,309,066)

(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
AS OF MARCH 31, 2026
(Amounts in Philippine Peso)

	Share Capital (Note 16)	Share Premium (Note 16)	Revaluation Surplus (Note 17)	Deficit (Note 1)	Total
EQUITY					
As at January 1, 2024	P239,960,000	P953,896,162	P -	(P345,203,042)	P848,653,120
Proceeds from					
subscription receivable	-	3,476,500	-	-	3,476,500
Net loss for the period	-	-	-	(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	40,000	-	-	-	40,000
Share premium	-	1,560,000	-	-	1,560,000
Subscription receivable	-	(400,000)	-	-	(400,000)
Appraisal increase (Land)	-	-	183,531,277	-	183,531,277
Net loss for the year	-	-	-	(235,321,070)	(235,321,070)
As of December 31, 2025	240,000,000	958,532,662	183,531,277	(978,283,187)	403,780,752
Additional share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Subscription receivable	-	-	-	-	-
Appraisal increase (Land)	-	-	-	-	-
Net loss for the year	-	-	-	(63,655,502)	(63,655,502)
As of March 31, 2026	P240,000,000	P958,532,662	P183,531,277	(P1,041,938,689)	P340,125,250

(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, 2026, DECEMBER 31, 2025 and 2024

	<i>Notes</i>	2026	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		(P63,655,502)	(P235,321,070)	(P397,759,075)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	4,11	38,255,815	150,719,634	148,272,068
Interest income	4,6,21	(2,175)	(1,002)	(2,106)
Unrealized foreign exchange gain/(loss)	4,6,21	-	3,505	(310,228)
Interest expense	4,15	35,890,364	136,010,582	(155,699,208)
Operating cashflows before changes in working capital		10,488,502	51,411,649	(405,498,549)
Changes in working capital components:				
Decrease (increase) in current assets:				
Receivable	4,7,26	(27,019,974)	(83,366,406)	(69,436,588)
Advances to contractors and suppliers	8	(17,419,371)	(24,872,330)	10,587,407
Medical and hospital inventories	9	12,059,284	15,667,861	(72,952,625)
Prepayments and other current assets		(4,394,968)	(10,641,610)	(14,036,648)
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities		3,427,087	160,075,552	229,246,192
Net cash provided/(used in) operations		(22,859,440)	108,274,716	(322,090,811)
Income tax paid	20	-	(1,260,617)	(953,920)
Interest received	6,19,21	2,175	1,002	2,106
Net cash provided/(used in) operating activities		(22,857,265)	107,015,101	(323,042,625)
<i>Balance forwarded</i>				

	As at period ended March 31 and December 31,			
	<i>Notes</i>	2026	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to construction-in-progress	<i>11</i>	-	-	1,900,987,351
Additions to property and equipment	<i>4,11</i>	(23,902,442)	(24,572,572)	(1,859,376,138)
Other non-current assets	<i>13,27</i>	-	-	(20,000)
Net cash provided/(used in) investing activities		(23,902,442)	(24,572,572)	41,611,213
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances to related parties	<i>12,26</i>	-	32,079,869	-
Payments of loans payable to individuals	<i>14,26</i>	(5,700,000)	-	(4,639,474)
Proceeds from bank loans	<i>15</i>		30,000,000	-
Payments of principal on bank loans	<i>15,26</i>	(14,550,270)	(1,243,269)	(15,000,000)
Proceeds of loans payable to a related party	<i>15</i>		1,000,000	150,437,000
Additional share capital	<i>4, 17</i>		40,000	-
Advances from shareholders		81,586,713		
Proceeds from subscription receivable	<i>4,17</i>		1,160,000	3,476,500
Interest paid	<i>4,15</i>	(11,457,842)	(136,010,582)	155,699,208
Net cash provided/(used in) by financing activities		49,878,601	(72,973,983)	289,973,234
NET EFFECT OF EXCHANGE RATE	<i>4,6,21</i>	-	(3,505)	310,228
NET INCREASE/(DECREASE) IN CASH		3,118,894	9,465,042	8,832,050
CASH, beginning of the year		23,296,041	13,830,999	4,998,949
CASH, end of the year	<i>6</i>	P26,414,935	P23,296,041	P13,830,999

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

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended March 31, 2026, 2025 and 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 should have started 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 Company was granted by the Philippine Health Insurance Corporation of certificate of accreditation as a Level 2 Hospital (Accredited Beds: 100) which was granted on 6th day of January 2025 the certificate of which shall be valid from January 1, 2025 to December 31, 2025.

The Company was granted by the Philippine Hospital Association of certificate of membership as a Level 2 Hospital (Accredited Beds: 100) on 20th day of December 2024 and this certificate shall be valid from January 1, 2025 to December 31, 2025.

The Company was granted by the Department of Health, as a Level 2 Hospital (Accredited Beds: 100), with license number 06-0023-25-H2-2 and this license to operate shall be valid from January 1, 2025 to December 31, 2025.

On August 2, 2021, and in accordance with the approval of the appropriate regulatory authorities, including the Securities and Exchange Commission, the Company amended its corporate name from Allied Care Experts (ACE) Medical Center – Iloilo, Inc. to Asia Pacific Medical Center – Iloilo, Inc. The change in corporate name did not result in any change in the Company’s legal personality, ownership structure, operations, or principal activities. Accordingly, all rights, obligations, contracts, and commitments previously entered into under the former corporate name remain valid and enforceable and are deemed to continue under the Company’s new registered corporate name.

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

Status of Operations

The Company commenced full commercial operations of its multi-disciplinary medical facility in 2024. The hospital provides a comprehensive range of services, including in-patient and out-patient care, as well as emergency medical services. Since the start of operations, the respective revenue centers have been activated and progressively scaled to achieve full operational capacity and status.

The activation of these revenue centers reflects the hospital’s transition from development to full service delivery, enabling the facility to generate revenues across its core medical disciplines. The commencement of operations in 2024 marked a significant milestone in the Company’s strategy to expand its healthcare services and establish a sustainable platform for long-term growth.

The hospital healthcare system is a highly specialized and capital-intensive undertaking. Establishing a multi-disciplinary medical facility requires substantial and sustainable infrastructure investments, which typically take an average of five (5) to seven (7) years after incorporation to complete construction and inaugurate its business line services.

Given the peculiarities of the industry, it generally requires an additional four (4) to five (5) years after inauguration to recover initial capital expenditures and achieve full commercial operations. This extended timeline reflects the scale of investment, the complexity of healthcare infrastructure, and the gradual ramp-up of patient volumes and service utilization.

Against this backdrop, Management is encouraged by the Company’s performance. The 47% increase in gross revenues during the current year is well aligned with its projections and demonstrates strong progress toward achieving full competitive status among hospitals in the area. This growth affirms the Company’s trajectory toward recovering its initial investments, strengthening its market position, and establishing a sustainable platform for long-term expansion in the healthcare sector.

Management expects continued growth driven by:

- Increasing patient volumes as the hospital builds its reputation and expands its catchment area.
- Diversification of medical services, including specialized care units and advanced diagnostic facilities.

- Operational efficiencies from scaling up revenue centers and optimizing healthcare delivery.
- Competitive positioning within the region, supported by the hospital's modern infrastructure and comprehensive service offerings.

These factors are expected to support the Company's long-term objective of achieving sustainable profitability and securing a strong competitive presence in the healthcare industry.

Management remains confident that the hospital is well-positioned to deliver sustainable healthcare services and long-term value to stakeholders.

Authorization for Issuance of the Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2025, including its comparative figures as at 2024 and 2023, were approved and authorized for issuance by the Board of Directors on May 11, 2026.

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 compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards which are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy (BOA) and adopted by the Securities and Exchange Commission (SEC).

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 2025

The Company adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by

the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (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 Standards Effective Beginning on or after January 1, 2025:

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Standard which the Company adopted effective for annual period beginning January 1, 2025.

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

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability* - The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

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, 2026:

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- 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 17, *Insurance Contracts* – The standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

On February 14, 2025, the Financial and Sustainability Reporting Standards Council (FSRSC) has approved the amendment to PFRS 17, Date of Initial application. The amendment further defer the date of initial application of PFRS 17 by an additional two years, to annual periods beginning on or after January 1, 2027.

Under prevailing circumstances, the adoption of the forgoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

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.

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; and
- 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 (FVPL).

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

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

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

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

Subsequent Measurement

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments); and
- 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), receivables and advances to related parties as at reporting date (see Notes 6, 7 and 12).

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; and
- 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), loans payable to individuals, notes payable and loans payable to a related party (see Notes 12,14, 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 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.

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 (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 impairment loss is recognized immediately in the statements of comprehensive loss.

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 both measured initially and subsequently presented in the financial statements at cost.

Property and Equipment

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

- its purchase price, including import duties and non-refundable purchase 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 except land 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.

Land is carried at revalued amounts, being its fair value at the date of revaluation less any subsequent impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Increases in the carrying amount of land arising from revaluation are recognized in equity under "Revaluation Surplus." Decreases that offset previous increases are charged against the surplus; other decreases are recognized in profit or loss. 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 year, 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 net realizable value 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 estimated¹ 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized at a point in time or over a period of time.

Hospital services – Revenue from in-patient, out-patient, and emergency services is recognized when the services are rendered.

Sale of medicines and medical goods – Revenue is recognized at the point in time when control of the goods passes to the customer, generally upon delivery or sale at the hospital pharmacy.

Revenue recognition outside the Scope of PFRS 15

Interest Income

Interest income is recognized as it accrues, using the effective interest method under PFRS 9 – Financial Instruments. This approach reflects the effective yield on the related financial asset and allocates interest income over the relevant period in a manner that produces a constant periodic rate of return on the carrying amount of the asset.

Other Income

Other income pertains to revenues generated from ancillary services and related fees, including charges for medical certificates, send-out services, ambulance services, Clinical Use of Support Areas (CUSA), and privilege-to-practice fees.

Costs and Expense Recognition

The Company presents expenses in the statement of income using the function of expense method. Direct costs represent expenses incurred that are specifically associated with the services rendered, while operating expenses include costs attributable to general, administrative, and other business activities. Expenses are recognized in profit or loss on accrual basis, meaning they are recorded when incurred and not when paid. Costs are matched with related income when association can be directly established, or allocated systematically when benefits are expected to arise over several periods. Expenditures that do not generate future economic benefits are recognized immediately in profit or loss.

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 ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

As at reporting date, the Company has not yet established a Retirement Benefits Plan for its employees since to date no employee is entitled to retirement benefits. The Company 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 are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for 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 year, after giving retroactive effect to any bonus issued/declared during the year, if any.

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

Reclassification of Comparative amounts

In 2025, certain amounts in the comparative financial statements and notes disclosures have been reclassified to conform with current year's presentation.

Management believes that the foregoing reclassifications would reflect the true nature of the transactions and correct the classification, as well as conform to the prevailing standards, - which did not have any impact on prior year's statement of receipts and expenses and current standing (please refer to Note 13).

Summary of changes on liabilities arising from the reclassification are shown below:

Account	December 31, 2024 (Previously Stated)	Effect	December 31, 2024 (As reclassified)
ACCOUNTS PAYABLE AND OTHER LIABILITIES			
Accounts payable – contractors and suppliers ¹⁾	P 339,278,543	(68,409,287)	P 270,869,256
Accrued interest payable ²⁾	95,515,462		95,515,462
Accounts payable – nontrade ⁴⁾	33,513,950	35,497,050	69,011,000
Retention payable ³⁾	42,061,657		42,061,657
Accrued expenses ⁵⁾	13,359,749	3,904,654	17,264,403
Statutory liabilities ⁶⁾	1,737,537		1,737,537
Other payables	3,997,120	29,007,583	33,004,703
TOTAL ACCOUNTS PAYABLE AND OTHER LIABILITIES	529,464,018	–	529,464,018

The reclassifications had no impact on current income tax and deferred tax, as the adjustments were limited to liability accounts only.

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 depend 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 at December 31, 2025 and 2024.

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

	2026	2025
Cash in banks*	P25,635,281	P22,446,473
Receivables	192,816,543	165,796,569
	P218,451,824	P188,243,042

*Excluding petty cash fund amounting to 779,654 as at March 31, 2026 and P849,568 in 2025.

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, 2026 and 2025.

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

	2026	2025
Property and equipment (net)	P2,342,868,883	P2,357,222,256
Advances to suppliers	63,387,374	45,968,003
Medical and hospital supplies inventories	47,935,244	59,994,528
Advances to contractors	26,481,056	26,481,056
Prepayments and other current assets	33,109,906	28,714,938
Advances to related parties	6,950,256	6,950,256
	P2,520,732,719	P2,525,331,038

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
Building	50 years
Building improvement	50 years
Office equipment	3 - 5 years
Medical equipment	5 years
Hospital equipment	5-10 years
IT equipment and software	5 years
Kitchen tools	3-5 years
Hospital vehicle	5 years

As at March 31, 2026 and 2025, the Company's property and equipment had carrying amounts of ₱2,342,868,883 and ₱2,357,222,256, respectively, as disclosed in Note 11, and includes land and revaluation of the land.

Revaluation of Land

Management exercises judgement in determining whether the revaluation model provides a more reliable measure of the land's value compared to the cost model. This includes assessing the frequency of revaluations, the appropriateness of valuation techniques, and the independence and qualifications of external valuers. Judgement is also applied in deciding whether market transactions used as comparables are sufficiently similar to the Company's land holdings.

The fair value of land is determined based on market evidence of recent transactions for comparable properties. Significant assumptions include:

- Comparable property selection and adjustments for location, size, and use;
- Market conditions prevailing at the valuation date; and
- The absence of restrictions or encumbrances affecting the land's marketability.

Because these assumptions involve estimation, actual outcomes may differ, and future revaluations could result in material changes to the carrying amount of land and the related revaluation surplus.

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, 2026 and 2025, 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 did not recognize net deferred tax assets as at March 31, 2026 and 2025.

Deferred tax assets with full valuation allowance as at March 31, 2026 and December 31, 2025, and December 31, 2024 amounted to ₱168,867,765, and ₱-, respectively (see Note 23).

NOTE 6 - CASH

This account consists of:

	2026	2025
Cash in banks	P25,635,281	P22,446,473
Petty cash fund and cash on hand	779,654	849,568
	P26,414,935	P23,296,041

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 ₱2,175, ₱1,002, and ₱2,106 in 2026, 2025 and 2024, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 22).

Unrealized foreign exchange gain (loss) resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱-, 3,505 and (₱310,228) in 2026, 2025 and 2024, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 22).

NOTE 7 - RECEIVABLES

This account consists of:

	2026	2025
Accounts receivable government agencies ¹⁾	P72,922,383	P90,686,847
Due from HMO's ²⁾	55,096,172	50,848,955
Advances to employees and officers ⁵⁾	5,072,138	5,028,526
Deposits ⁴⁾	5,035,000	5,035,000
Other receivables ³⁾	15,493,733	14,197,241
	P192,816,543	P165,796,569

¹⁾Accounts receivable pertains to financial assistance availed of by patients from the Department of Social Welfare and Development (DSWD), Philippine Health Insurance Corporation (PhilHealth) and Philippine Charity Sweepstakes Office (PCSO) and reimbursable to the company.

²⁾Due from HMO's pertains to reimbursements for hospital expenses and doctors' fees availed of by patients who are members of Health Maintenance Organization (HMOs).

³⁾Other receivables – represent promissory notes from local area patients which are collected in installments or staggered payments due within the year.

⁴⁾ Deposits represent payments made by the Company to More Power Corporation, to Iloilo Medical Society, and to the Department of Health in connection with regulatory application requirements for the Company's drug testing services operations. These deposits are expected to be applied or recovered in accordance with the terms and conditions of the related agreements and regulatory requirements.

⁵⁾Advances to employees and officers represent advances that are deducted directly from payroll.

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 estimated credit loss is required for both years.

NOTE 8 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account consists of:

	2026	2025
Advances to contractors ¹⁾	P26,481,056	P26,481,056
Advances to suppliers ²⁾	63,387,374	45,968,003
	P89,868,430	P72,449,059

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

²⁾ Advances to suppliers are downpayments 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

This account consists of:

	2026	2025
General hospital maintenance supplies ²⁾	P23,432,295	P20,137,406
Medical and laboratory supplies ¹⁾	19,289,135-	25,458,660
Drugs and medicines for sale ³⁾	5,213,814	14,398,462
	P47,935,244	P59,994,528

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

This account consists of:

	2026	2025
Input tax	P28,667,692	P24,371,398
Prepaid income tax (Note 24)	3,522,368	3,522,368
Prepaid insurance	821,174	821,172
Prepaid taxes and licenses	-	-
	P33,011,234	P28,714,938

NOTE 11 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at March 31, 2026 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	P273,000,000	P1,836,316,739	P107,908	P3,547,131	P378,891,712	P115,213,227	P14,238,019	P32,215,795	P10,478,200	P2,664,008,731
Additions	-	-	-	-	23,599,299	123,750	36,504	142,888	-	23,902,441
At end of year	273,000,000	1,836,316,739	107,908	3,547,131	402,491,011	115,336,977	14,274,523	32,358,683	10,478,200	2,687,911,172
Accumulated depreciation:										
At beginning of year	-	73,452,670	19,183	2,166,632	144,752,430	57,894,816	8,777,834	15,531,630	4,191,280	306,786,475
Depreciation	-	9,181,584	5,395	145,011	18,768,563	7,393,175	627,387	1,610,790	523,910	38,255,815
At end of year	-	82,634,254	24,578	2,311,643	163,520,993	65,287,991	9,405,221	17,142,420	4,715,190	345,042,290
Appraisal increase (Note 17):										
At beginning of year	-	-	-	-	-	-	-	-	-	-
Increase for the year	-	-	-	-	-	-	-	-	-	-
At end of year	-	-	-	-	-	-	-	-	-	-
Net carrying value,										
March 31, 2026	P273,000,000	P1,753,682,485	P83,330	P1,235,488	P238,970,019	P50,048,986	P4,869,302	P15,216,263	P5,763,010	P2,342,868,883

Reconciliation of property and equipment (net) as at December 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	-	-	74,187	119,988	23,459,584	516,153	402,660	-	-	24,572,572
At end of year	28,291,630	1,836,316,739	107,908	3,547,131	378,891,712	115,213,227	14,238,019	32,215,795	10,478,200	2,419,300,361
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	156,066,841
Depreciation	-	36,726,335	15,249	590,365	74,338,896	27,989,028	2,520,962	6,443,159	2,095,640	150,719,634
At end of year	-	73,452,670	19,183	2,166,632	144,752,430	57,894,816	8,777,834	15,531,630	4,191,280	306,786,475
Appraisal increase (Note 17):										
At beginning of year	-	-	-	-	-	-	-	-	-	-
Increase for the year	244,708,370	-	-	-	-	-	-	-	-	244,708,370
At end of year	244,708,370	-	-	-	-	-	-	-	-	244,708,370
Net carrying value,										
December 31, 2025	P273,000,000	P1,762,864,069	P88,725	P1,380,499	P234,139,282	P57,318,411	P5,460,185	P16,684,165	P6,286,920	P2,357,222,256

No assets were used as collateral for any liability as of March 31, 2026 and 2025.

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. The depreciation expense of medical and hospital equipment amounting to ₱70,343,235 and ₱102,327,924 in 2026 and 2025 was charged to cost of services (see Note 20).

The Company has a total contract commitment to purchase medical equipment totaling ₱454,370,959 as at December 31, 2023. Advances to ACE hospitals, Endure Medical, Inc. and TIPP Digital Solutions Inc. amounting to ₱6,950,256 and ₱39,030,125 in 2026 and 2025, respectively (Note 12) was recognized in the books as it represents advance payment for such 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.

During the year, the Company has had its land appraised. The property was inspected on February 8, 2026, and the appraisal report was issued on March 9, 2026 by Cubing Surveying, an independent professional valuer accredited with the Securities and Exchange Commission (SEC). The valuation was performed using the Sales Comparison Approach, which relies on market evidence of recent transactions for comparable properties in the same area. The valuation was determined as of March 31, 2026.

As a result of the appraisal conducted by an independent appraiser, the carrying amount of land increased by ₱244,708,370, which was recognized in equity under Revaluation Surplus in accordance with the applicable financial reporting framework. Accordingly, the land is carried at its revalued amount or fair market value of ₱273,000,000 as of March 31, 2026 (see Notes 11, 16 and 18).

Management has reviewed the carrying values of property and equipment as at March 31, 2026 and 2025, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

NOTE 12 - 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 March 31, 2026 and 2025:

Advances to related parties:

Category	Outstanding Balance 2024	Amount of Transactions 2025	Outstanding Balance 2025	Amount of Transactions 2026	Outstanding Balance 2026	Terms	Conditions
Receivable – others (various ACE hospitals – note 7)	P47,472	P -	P47,472	P -	P47,472	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Endure Medical, Inc. (note 7)	32,079,869	-	32,079,869	(32,079,869)	-	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solutions Inc.	6,902,784	-	6,902,784	-	6,902,784	Non-interest bearing, to be collected in cash (b)	Unsecured, unguaranteed, not impaired

P39,030,125	P-	P39,030,125	(P32,079,869)	P6,950,256
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Advances from related parties:

Category	Outstanding Balance 2024	Amount of Transactions 2025	Outstanding Balance 2025	Amount of Transactions 2026	Outstanding Balance 2026	Terms	Conditions
Accounts Payable – Endure Medical, Inc.	P63,768,359	(P3,091,827)	P60,676,532	P134,139,564	P194,816,096	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Loans Payable to a related party	543,871,969	1,000,000	544,871,969	-	544,871,969	Interest bearing, to be paid in cash (c)	Unsecured, unguaranteed, not impaired
	P607,640,328	(P2,091,827)	P605,548,501	P134,139,564	P739,688,065		

Accounts payable – Endure Medical, Inc. is included under accounts payable – contractors and suppliers amounting to P194,816,096, P60,676,532, and P63,768,359 as of March 31, 2026, December 31, 2025, and 2024, respectively (see Note 13).

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

The Company engaged the services of an indenter (Endure Medical, Inc.) which has relatively significant influence over the key management personnel of the Company. The Indenter facilitates the importation and acquisition of medical and hospital equipment, furniture and fixtures for the hospital building under construction (see Note 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 rate ranging from 6.50%-8.50% per annum. Interest incurred for the years ended March 31, 2026, 2025 and 2024 and is reflected in the statements of comprehensive loss amounted to P-, P72,419,241, and P56,927,769, 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 P1,446,667, P5,895,813, and P7,571,693 for the years ended March 31, 2026, 2025, and 2024, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

NOTE 13 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2026	2025
Accounts payable – contractors and suppliers ¹⁾	₱368,589,593	₱308,165,389
Accrued interest payable ²⁾	172,201,043	160,840,676
Accounts payable – nontrade ³⁾	39,500,737	110,346,682
Retention payable ⁴⁾	40,558,089	40,795,308
Accrued expenses ⁵⁾	1,359,755	6,725,263
Statutory liabilities ⁶⁾	3,168,705	2,999,859
Other payables ⁷⁾	92,021,257	59,666,393
	₱717,399,179	₱689,539,570

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. This payable also included the related party of Endure Medical, Inc. (see note 12). This account is non-interest bearing, unsecured and non-collateral.

²⁾ Accrued interest payable refers to interest expense incurred on loans from bank.

³⁾ 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.

⁴⁾ 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.

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

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

⁷⁾ Other payables represent liabilities to suppliers and other parties for which no specific account classification has been designated. This account also includes payables pertaining to reimbursements, patient refunds, advances from officers and employees, and replenishment of the petty cash fund, which are non-interest bearing, non-collateralized, and payable on demand.

NOTE 14 - LOANS PAYABLE TO INDIVIDUALS

This account constitutes non-interest bearing, non-collateral and demandable obligations to shareholders which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure amounting to P91,589,939 and P15,703,226 as of March 31, 2026 and 2025.

NOTE 15 - NOTES PAYABLE

Movement of notes payable as at December 31 is as follows:

	2026	2025
Beginning	999,351,037	970,594,306
Availment	-	48,756,731
Payment	-	(20,000,000)
	999,351,037	999,351,037

Notes payable are presented in the financial statements as follows:

	2026	2025
Current	191,558,072	191,558,072
Non-current	807,792,965	807,792,965
	999,351,037	999,351,037

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, Land Bank of the Philippines approved the restructuring of the total outstanding balance of Term Loans 1, 3, and 4 amounting to **₱985,594,306**. The restructuring extended the repayment period up to seven (7) years from the date of effectivity, with a one (1) quarter grace period on both principal and interest.

In 2024, the Bank further approved Term Loan 6 and a Working Capital Line amounting to **₱70 million** and **₱30 million**, respectively.

As of March 31, 2026 and 2025, the Company's total outstanding loans and borrowings amounted to **₱999,351,037** and **₱999,351,037**, respectively. Correspondingly, interest expense recognized in profit or loss for the years then ended amounted to **₱-** in 2026 and **₱72,419,241** in 2025. Due to the restructuring arrangement, the finance costs related to these loans cannot be specifically allocated to the hospital building and medical equipment and fixtures.

Since the hospital structure is already in the state of its intended use (operational), the related borrowing costs (finance costs) are no longer allocated, yet rather - charged to and absorbed by operations. Hence, the total finance cost for the years 2026, 2025 and 2024 were presented as follows:

	2026	2025	2024
A. Construction in Progress			
a.) Construction of hospital building	P -	P -	P -
b.) Medical equipment and fixtures	-	-	-
Sub-total	-	-	-
B. Operations	35,890,364	136,010,583	155,699,208
Total	P35,890,364	P136,010,583	P155,699,208

NOTE 16 - DEFERRED TAX LIABILITY

Deferred tax liability is measured at the tax rate applied in which the liability is recognized based on the tax regulation rate enacted by the end of the reporting period. It is computed and determined by the product or equivalent of the 25% tax regulation rate as applied to the total revaluation surplus amounting to nil and P61,177,093 as of March 31, 2026 and 2025 (see Note 11).

Deferred tax liability resulting from the revaluation of land amounted to Php61,177,093 as at March 31, 2026, and December 31, 2025.

NOTE 17 - SHARE CAPITAL

Details of the Company's share capital as at March 31, 2026 are as follows:

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

Details of the Company's share capital as at December 31, 2025 are as follows:

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

In 2018, the Company filed a Registration Statement covering the 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 SEC’s approval, the Company issued a total of **THIRTY-SIX THOUSAND (36,000)** 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 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 18 - REVALUATION SURPLUS

The Company’s revaluation surplus amounting to ₱183,531,277 is the difference between the market value of ₱273,000,000 and the land’s initial cost as at December 31, 2025. The valuation of its parcels of land was performed by independent appraisers and reflected in its report of March 2026 covering December 31, 2025. The fair value was determined by reference to market transactions on an arm’s length term at the date of valuation (see Notes 11 and 16).

The value of the parcels of land was arrived at using a combination of cost and market (or direct sales comparison) approach. Cost approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. Market data approach is an appraisal technique in which the market value estimate is predicted based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (pricewise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market.

NOTE 19 - REVENUES

Revenues for the year ended are as follows:

	2026	2025	2024
Sale of services	121,082,143	514,069,665	349,859,649
Sale of goods	1,857,509	5,847,025	2,952,362
	122,939,652	519,916,690	352,812,011
Less: Sales discount on services	15,392,795	(67,672,300)	(43,380,347)
Sales discount on goods	10,399	(46,026)	(1,221,433)
Sales return and allowances	-	(32,698)	(300,205)
	(15,403,194)	(67,751,024)	(44,901,985)
Net Revenues	107,536,458	452,165,666	307,910,026

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.

An analysis in the timing of revenue recognition is as follows:

	2026	2025	2024
Revenue recognized over the period of time	P107,536,458	P452,165,666	P307,910,026

NOTE 20 - DIRECT COSTS

This account consists of the following:

	2026	2025	2024
Cost of hospital services:			
Hospital supplies	P94,488,993	P136,033,287	P102,251,913
Depreciation	70,343,235	102,327,924	99,889,654
Salaries and wages	16,209,273	21,140,534	37,167,173
Professional fees	-	-	27,184,394
Utilities	-	-	2,274,166
	P181,041,501	P259,501,745	P268,767,300

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

NOTE 21 - OTHER INCOME

Details of account consist of:

	2026	2025	2024
Interest income (Note 6)	P2,175	P1,002	P2,106
Unrealized foreign exchange gain (Note 6)	-	3,505	(310,228)
Other income	2,774,610	10,310,474	1,490,856
	P2,776,785	P10,314,981	P1,182,734

Other income pertains to revenues generated from ancillary services and related fees, including charges for medical certificates, send-out services, ambulance services, Clinical Use of Support Areas (CUSA), and privilege-to-practice fees.

NOTE 22 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of accounts consist of:

	<i>Notes</i>	2026	2025	2024
Salaries and allowances		P23,491,369	P111,313,162	P87,491,420
Utilities		12,563,082	54,800,309	51,738,090
Depreciation	<i>11</i>	11,948,988	48,391,711	48,382,414
Professional and legal fees		5,761,241	25,287,779	33,272,069
SSS, PHIC and HDMF contributions		3,852,257	13,743,882	14,586,982
Security services		3,043,597	12,334,776	8,684,813
Office supplies		2,642,211	7,827,951	8,509,166
Housekeeping		1,898,531	9,322,573	8,415,291
Repairs and maintenance		883,183	4,239,547	901,410
Taxes and licenses		643,111	5,802,631	6,926,145
Communication		393,281	1,110,669	811,393
Trainings and seminars		277,750	255,299	954,891
Transportation and travel		112,756	1,002,276	1,190,229
Entertainment and representation		111,836	313,229	292,075
Board meetings and conferences		15,000	341,050	4,862,485
Insurance		-	2,465,225	2,305,495
Advertising		-	104,984	749,906
Rental		-	18,947	44,211
Miscellaneous		4,232,663	3,613,389	2,266,842
		P71,870,856	P302,289,389	P282,385,327

NOTE 23 - INCOME TAX

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

I. Regular Corporate Income tax (RCIT)	2026	2025	2024
Loss before income tax	(P63,655,502)	(P235,321,070)	(P397,759,075)
Add (deduct) reconciling items:			
Interest expense arbitrage	-	251	526
Unrealized forex gain (Notes 6 and 21)	-	(3,505)	310,228
Interest income subjected to final tax (Notes 6,21)	(2,175)	(1,002)	(2,106)
Taxable loss	(63,657,677)	(235,325,326)	(397,450,427)
Tax rate	25%	25%	25%
Tax Assets	(P15,914,419)	(P58,831,332)	(P99,362,607)

In accordance with its registration with the Board of Investment (BOI), the Company is granted an Income Tax Holiday (ITH) for a period of six (6) years, effective from December 8, 2023 to December 8, 2029.

During this incentive period, the Company's registered activities are exempt from the Regular Corporate Income Tax (RCIT) and the Minimum Corporate Income Tax (MCIT) of 2% on gross income. This tax incentive is subject to the Company's continued compliance with the terms and conditions as set forth in its registration agreement and the requirements of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (see Note 1).

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

	2026	2025	2024
RCIT or MCIT	P -	P -	P -
Less: Tax credits or payments			
Prior years excess tax credits	(3,522,368)	(953,920)	-
Quarterly income tax payments (1 st -3 rd quarter)	-	-	-
Creditable withholding tax (1 st - 3 rd quarter)	(213,008)	(2,126,309)	-
Creditable withholding tax (4 th quarter)	-	(442,139)	(953,920)
Prepaid Income Tax (Note 10)	(P3,735,376)	(P3,522,368)	(P953,920)

III. Net Operating Loss Carry-Over (NOLCO)

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).

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	2025	P43,425,573	P -	(P43,425,573)	P -	P -
2021	2026	34,889,728	-	-	-	34,889,728
		P78,315,301	P -	(P43,425,573)	P -	P34,889,728

On June 30, 2022 the NOLCO carry over period was reverted back to three years. Thus, as at December 31, 2025, NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2022	2025	P34,889,728	P52,339,339	(P52,339,339)	P -	P34,889,728
2023	2026	-	147,365,993	-	-	182,255,721
2024	2027	-	397,450,427	-	-	579,706,148
2025	2028	-	235,325,326	-	-	815,031,474
2026	2029	-	63,655,502	-	-	878,686,976
		P34,889,728	P896,136,587	(P52,339,339)	P -	P878,686,976

IV. Deferred Tax Assets

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

	2026	2025	2024
NOLCO	P878,686,976	P815,031,474	P675,471,060
Tax rate	25%	25%	25%
	219,671,744	203,757,869	168,867,765
MCIT	-	-	-
	219,671,744	203,757,869	168,867,765
Valuation allowance (Note 5)	(219,671,744)	(203,757,869)	(168,867,765)
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 24 - LEASES

The Company has adopted PFRS 16. However, the Company does not have lease arrangements for its building, as the property is owned by the Company and recognized as part of property and equipment.

As of the reporting date, the Company has no significant lease contracts that would require recognition of right-of-use assets and lease liabilities. Accordingly, the impact of PFRS 16 on the financial statements is not material.

NOTE 25 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2026	2025	2024
Loss attributable to ordinary shares	(P63,655,502)	(P235,321,070)	(P397,759,075)
Divide by: Weighted average number of ordinary shares outstanding	240,000	240,000	239,960
Basic loss per share	(P265.23)	(P980.50)	(P1,657.61)

There are no potential dilutive ordinary shares outstanding as at March 31, 2026, 2025 and 2024.

NOTE 26 - 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, advances to related parties 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 March 31, 2026				
Financial assets at amortized cost				
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks*	₱25,635,281	–	–	₱25,635,281
Receivables	192,816,543	–	–	192,816,543
	₱218,451,824	–	–	₱218,451,824

*Excluding petty cash fund amounting to ₱779,654 as at March 31, 2026.

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*	₱22,446,473	–	–	₱22,446,473
Receivables	165,796,569	–	–	165,796,569
	₱188,243,042	–	–	₱188,243,042

*Excluding petty cash fund amounting to ₱849,568 as at December 31, 2025.

Interest Rate Risk

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

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

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

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

The Company has no established policy in managing interest rate risk. Any favorable or unfavorable effect of the fluctuations on the interest rates are absorbed by the Company. The effect of such is presented in the Company's financial performance.

Liquidity Risk

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

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

As at March 31, 2026

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	₱25,635,281	P -	P -	P -	₱25,635,281
Receivable - others	192,816,543	-	-	-	192,816,543
Advances to related parties	6,950,256	-	-	-	6,950,256
	₱225,402,080	P -	P -	P -	₱225,402,080

*Excluding petty cash fund and cash on hand amounting to ₱779,654 March 31, 2026.

Financial Liabilities:

Accounts payable and other liabilities***	27,690,762	686,539,712	-	-	P714,230,474
Loans payable to individuals	-	-	91,589,939	-	91,589,939
Loans payable to a related party	-	-	544,871,969	-	544,871,969
Notes payable	-	-	984,800,767	-	984,800,767
	P27,690,762	P686,539,712	P1,621,262,675	P -	P2,335,493,149

***Excluding government liabilities amounting to ₱3,168,705 as at March 31, 2026S

As at December 31, 2025

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	P22,446,473	P -	P -	P -	P22,446,473
Receivable - others	165,796,569	-	-	-	165,796,569
Advances to related parties	6,950,256	-	-	-	6,950,256
	P195,193,298	P -	P -	P -	P195,193,298

*Excluding petty cash fund and cash on hand amounting to ₱849,568 December 31, 2025.

Financial Liabilities:

Accounts payable and other liabilities***	P308,520,389	P378,019,323	P -	P -	P686,539,712
Loans payable to individuals	-	15,703,226	-	-	15,703,226
Loans payable to a related party	-	-	544,871,969	-	544,871,969
Notes payable	191,558,072	-	807,792,965	-	999,351,037
	P500,078,461	P393,722,549	P1,352,664,934	P -	P2,246,465,944

***Excluding government liabilities amounting to ₱2,999,859 as at December 31, 2025.

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

	As at March 31, 2026		As at December 31, 2025	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets:				
Cash*	P25,635,281	P25,635,281	P22,446,473	P22,446,473
Receivable – others	192,816,543	192,816,543	165,796,569	165,796,569
Advances to related parties	6,950,256	6,950,256	6,950,256	6,950,256
	P225,402,080	P225,402,080	P195,193,298	P195,193,298

*Excluding petty cash fund and cash on hand amounting to P779,654 and P849,568 as at March 31, 2026 and 2025.

Financial Liabilities:				
Accounts payable and other liabilities***	P714,230,474	P714,230,474	P686,539,712	P686,539,712
Loans payable to individuals	91,589,939	91,589,939	15,703,226	15,703,226
Loans payable to a related party	544,871,969	544,871,969	544,871,969	544,871,969
Notes payable	984,800,767	984,800,767	999,351,037	999,351,037
	P2,335,493,149	P2,335,493,149	P2,246,465,944	P2,246,465,944

***Excluding government liabilities amounting to P3,168,705 and P2,999,859 as at March 31, 2026 and 2025, 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, 2026

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	P -	P25,635,281	P -
Receivable – others	-	192,816,543	-
	P -	P218,451,824	P -

*Excluding petty cash fund and cash on hand amounting to P779,654 as at March 31, 2026.

Financial Liabilities:			
Accounts payable and other liabilities***	P -	714,230,474	P -
Loans payable to individuals	-	91,589,939	-
Loans payable to a related party	-	544,871,969	-
Notes payable	-	984,800,767	-
	P -	2,335,493,149	P -

***Excluding government liabilities amounting to P3,168,705 as at March 31, 2026.

As at December 31, 2025

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	P -	P22,446,473	P -
Receivable – others	-	165,796,569	-
	P -	P188,243,042	P -

*Excluding petty cash fund and cash on hand amounting to P849,568 as at December 31, 2025.

Financial Liabilities:			
Accounts payable and other liabilities***	P -	P686,539,712	P -
Loans payable to individuals	-	15,703,226	-
Loans payable to a related party	-	544,871,969	-
Notes payable	-	999,351,037	-
	P -	P2,246,465,944	P -

***Excluding government liabilities amounting to P2,999,859 as at December 31, 2025.

There were no reclassifications made between the different fair value hierarchy level as at December 31, 2025 and 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 years ended March 31, 2026 and 2025.

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

	2026	2025
Share capital	₱240,000,000	P240,000,000
Share premium	958,532,662	958,532,662
Revaluation surplus	183,531,277	183,531,277
Deficit	(978,283,186)	(978,283,187)
	₱403,780,753	P403,780,752

The loan agreement with Landbank (Note 16) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

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

FINANCIAL RATIOS

The following were the financial ratios of the Company for the years ended March 31, 2026, and 2025:

<u>Particulars</u>	<u>2026</u>	<u>2025</u>
Current ratio	0.38	0.39
Solvency ratio	1.14	1.17
Debt to-equity	4.01	5.72
Asset to equity	8.06	6.72
Return on equity	(0.17)	(0.55)
Return on assets	(0.02)	(0.090)

Computation of the above financial ratios are as follows:

- Current ratio = Current assets divided by current liabilities
- Solvency ratio = Total assets divided by total liabilities
- Debt-to-equity = Total liabilities divided by total equity
- Asset-to-equity = Total assets divided by total equity
- Return on equity = Net income divided by average total equity for the periods indicated
- Return on assets = Net income divided by average total assets for the periods indicated

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR)

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

Revenue Regulations (RR) 15-2010

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

supplemental information, which is an addition to the disclosures mandated under PFRS Accounting Standards is presented as follows:

Output Value-Added Tax

Details of the Company's output VAT declared consist of:

	2026
Exempt sales	P96,883,812
Vatable sales	730,514
VAT rate	12%
	P87,662

Input Value-Added Tax

Details of the Company's Input VAT claimed consist of:

	2026
At beginning of year	P -
Current purchases and payments for:	
Domestic purchase of capital goods not exceeding 1M	-
Domestic purchase of capital goods exceeding 1M	-
Domestic purchase of goods other than capital goods	19,470,079
Domestic purchases of services	16,083,359
At end of year	P35,553,438

Computation of Net VAT payable is as follows:

	2026
Output VAT payable	P87,662
Less: Input VAT claimed	(28,580,030)
Excess Input VAT for the year	(28,667,692)
Less: Payments made during the year	-
Input VAT Carry-over (Note 10)	(P28,667,692)

Documentary Stamp Tax

Documentary stamp tax paid by the Company during the year amounted to ₱85,993 for the additional availment of notes payable.

Taxes and licenses

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

	2026
Real Property Tax	P390,814
Business Permit Fee	142,152
Documentary Stamp Tax	85,993
Community Tax Certificate	10,500
Others	13,652
	P643,111

Withholding Taxes

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

	2026
Compensation withholding tax	₱109,807.80
Expanded withholding tax	995,626.10
	₱1,105,433.90

Deficiency Tax Assessment and Tax Cases

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in court or bodies outside the Bureau of Internal Revenue as of December 31, 2025.

RR 19-2020 and RR 34-2020

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

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

* * *

SCHEDULES

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.

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

As at March 31, 2026

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	P25,635,281	N/A	P2,175
Receivable – others	N/A	192,816,543	N/A	-
Other non-current assets	N/A	-	N/A	-
P218,451,824				P2,175

*Excluding petty cash fund amounting to P779,654 as at March 31, 2026

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
TIPP Digital Solutions Inc.	P6,902,784	P -	P -	P -	P6,902,784	-	P6,902,784
Receivable – others (various ACE Hospitals)	47,472	-	-	-	47,472	-	47,472
	P6,950,256	P -	P -	P -	P6,950,256	P -	P6,950,256

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	P984,800,767	P227,010,404	P757,790,363
			<i>(payable in 27 quarterly installments for 7 year from the date of effectivity with one (1) quarter grace period on principal and interest beginning October 31, 2023 to October 31, 2030 with a current interest rate of 7.5% per annum)</i>

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.	P544,871,969	P544,871,969
Endure Medical, Inc.	60,676,532	194,816,096
	P605,548,501	P739,688,065

Schedule F. Guarantees of Securities of Other Issuers

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

Schedule G. Capital Stock

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

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

Statement of Accumulated Deficit
As at March 31, 2026

Accumulated Deficit, beginning of quarter	P978,283,187
Net loss incurred for the quarter	<u>63,655,502</u>
Accumulated Deficit, ending of quarter	<u>P1,041,938,689</u>

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, 2026

**-Not Applicable-
EXPLANATION ON NON-APPLICABILITY OF CONGLOMERATE MAP**

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

Name of Stockholder	Percentage of Ownership and Position in APMC Iloilo	Percentage of Ownership and Position in APMC Bacolod	Percentage of Ownership and Position in APMC Aklan
Biron, Ferjenel G.	20.17%/ Chairman	3.99%/ Chairman	4.67%/Chairman
Biron, Bryant Paul Q.	8.81% (8.81% as Trustor under VTA) ¹	1.54% (1.54% as Trustor under VTA)	1.92% (1.92% as Trustor under VTA)
Biron, Brandt Luke Q.	9.12% (8.81% as Trustee under VTA/Director)	3.08% (1.54% as Trustee under VTA)	8.98% (1.92% as Trustee under VTA)
Biron, Braeden John Q.	8.81% (8.81% as Trustor under VTA ²)	1.54% (1.54% as Trustor under VTA)	1.92% (1.92% as Trustor under VTA)
Oca-Biron, Ma. Regina Isabelle	.02% (8.81% as Trustee under VTA)	1.54% as Trustee under VTA	1.92% as Trustee under VTA
Barrameda, Romulo Jr. S.	1.44%	1.56%/Independent Director	None
Comuelo, Jerusha A.	1.44%	0.73%	1.56%/ Independent Director
Depalac, Jonas A.	0.0042%	1.54%	None
Domingo, Joan B.	0.0042%	1.54%	None
Lavalle, Amado Jr. M.	1.53%	2.27%	1.56%
Lavilla, Meride D.	2.91% (1.52 % Direct + 1.38% Indirect)/ Vice Chairman	9.63%/ Director	3.12%/ Director

¹ Biron, Brandt Luke Q. (8.81% as Trustees under VTA)

² Oca-Biron, Ma. Regina Isabelle (8.81% as Trustees under VTA)

Minerva, Ike T.	1.42%	2.20%	1.56%
Ong, Mary Flor G.	1.40%/Treasurer	0.73%	None
Perez, Ma. Grace G.	1.43%	0.73%	None
Regozo, Danilo C.	1.53%/ Executive Vice President	2.72%/ Executive Vice President	1.56%/ Director
Samoro, Fredilyn G.	4.26% (2.82% Direct + 1.44% Indirect) /Director	None	1.56%
Villaflor, Agnes Jean M.	1.15%/ President	0.73%	1.56%

(Percentage of Shares as of March 31, 2026)

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

*As of March 31, 2026
(with comparative figures as of December 31, 2025)*

Financial KPI	Definition	31-Mar-26	31-Dec-25
1. Liquidity			
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.21 : 1	0.21 : 1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.38 : 1	0.39 : 1
2. Solvency			
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	4.01:1	3.50 : 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	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.88:1	0.85 : 1
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	8.06:1	6.72 : 1
5. Interest Rate Coverage Ratio			
	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0.00	0.00



ASIA PACIFIC
MEDICAL CENTER
ILOILO

We hereby certify that the information set forth in this report for the quarter ended 31 March 2026 is complete and correct.

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


AGNES JEAN M. VILLAFLOR
President


MARY FLOR G. ONG
Corporate Treasurer


CRIST T. CORTES
Chief Finance Officer