

ANNUAL REPORT



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9th Flr. Unit C MARC 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate, Manila 1004

**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.**

**FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022**

and

Report of Independent Auditors

South Nat. Highway, Brgy. San Pedro, Puerto Princesa City, Palawan
Contact No.: (0917) 6120-913/ (0948) 7170-019 Phone: 048-717-0019
Facebook Account: ACE Medical Center Palawan
Website: www.acemcpalawan.org
Email Address: palawanacegroup@gmail.com

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

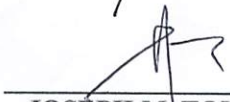
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.


The **Board of Directors** reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

TAGNIA, ORTEGA & PARTNERS, CPAs and PEREZ, SESE, VILLA & CO., the independent auditors appointed by the shareholders for the years ended December 31, 2024 and 2023, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


AMADO MANUEL C. ENRIQUEZ JR.
Chairman of the Board


JOSEPH M. TOVERA
President

226-487-624


LUMEN R. PALANCA
Treasurer

137-336-429

Signed this 11th day of April 2025.


PUERTO PRINCESA CITY SUBSCRIBED AND SWORN to before me, a Notary Public for and in the Philippines, this **APR 30 2025** affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES

COMPETENT EVIDENCE OF
IDENTITY

DATE AND PLACE
ISSUED





ATTY. KRISTOFER MANUEL I. ARALAR
NOTARY PUBLIC FOR CITY OF PUERTO PRINCESA
ABORLAN, NARRA, AGUTAYA, CUYO, MAGSAYSAY, PAL.
ROLL NO. 84559/NPL NO. 2020-028, UNFIL DEC. 31, 2026
IBP NO. 495099/JAN. 02, 2025/PTR NO. 2109878/01.02.2025
(ADMITTED TO THE BAR OF MAY 02, 2023)
GRB BLDG. LACAO ST., BRGY. MANINGNING, PPC


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Series of 20 25



PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

 admin@psv-co.com

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1973 Taft Ave. cor. San Andres St.
Malate, Manila 1004

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

**To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.**
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company) for the year ended December 31, 2024, on which we have rendered the attached report dated April 11, 2025.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty-three (53) shareholders owning one hundred (100) or more shares of the Company's capital stock as of December 31, 2024, as disclosed in Note 15 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 11, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020


valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026


Manila, Philippines
April 11, 2025



PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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 (02) 8 994-3984

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Malate, Manila 1004


REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company) for the year ended December 31, 2024 and have issued our report thereon dated April 11, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:


MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 1533625, Issued on January 4, 2024, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 04-003494-1-2024, issued on March 11, 2024,

valid for three (3) years until March 10, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines
April 11, 2025



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company), which comprise the statements of financial position as at December 31, 2024, 2023 and 2022, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

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valid for five (5) years covering the audit of 2022 to 2026 financial statements

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BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 11, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

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BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines

April 11, 2025

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2024, 2023 and 2022

	<i>Notes</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>				
Current Assets				
Cash	4,5,6	P 12,985,567	P 8,685,227	P 10,440,293
Trade and other receivables	4,5,7	141,332,095	21,730,084	17,384,067
Inventories	4,8	23,690,554	19,257,990	20,014,234
Prepayments and other current assets	4,9	4,388,601	7,949,649	3,274,862
Total Current Assets		<u>182,396,817</u>	<u>57,622,950</u>	<u>51,113,456</u>
Non-Current Assets				
Property and equipment	4,5,10	958,177,143	974,059,309	982,996,347
Intangible asset	4,5,11	653,333	933,333	1,213,333
Deferred tax asset	4,22	19,677,745	21,254,738	18,577,826
Total Non-Current Assets		<u>978,508,221</u>	<u>996,247,380</u>	<u>1,002,787,506</u>
TOTAL ASSETS		<u>P 1,160,905,038</u>	<u>P 1,053,870,330</u>	<u>P 1,053,900,962</u>
<u>LIABILITIES AND EQUITY</u>				
Current Liabilities				
Trade and other payables	4,12	P 122,303,833	P 79,629,509	P 64,643,413
Loans payable - current	4,14	62,500,000	31,250,000	31,250,000
Income tax payable	4,22	1,312,110	-	-
Other current liabilities	4,13	8,823,982	3,113,629	3,094,196
Advances from related parties	4,21	80,560,523	10,280,483	10,280,483
Total Current Liabilities		<u>275,500,448</u>	<u>124,273,621</u>	<u>109,268,092</u>
Non-Current Liabilities				
Loans payable - non current	4,14	500,000,000	562,500,000	593,750,000
Total Liabilities		<u>775,500,448</u>	<u>686,773,621</u>	<u>703,018,092</u>
Equity				
Share capital	4,15	219,980,000	219,430,000	218,600,000
Share premium	4,15	224,434,000	213,309,000	193,164,000
Accumulated deficits	4	(59,009,410)	(65,642,291)	(60,881,130)
Equity, net		<u>385,404,590</u>	<u>367,096,709</u>	<u>350,882,870</u>
TOTAL LIABILITIES AND EQUITY		<u>P 1,160,905,038</u>	<u>P 1,053,870,330</u>	<u>P 1,053,900,962</u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For The Years Ended December 31, 2024, 2023 and 2022

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUE	4,16	P 381,120,184	P 273,689,741	P 183,890,792
COST OF SALES AND SERVICES	4,17	<u>(250,860,763)</u>	<u>(202,802,684)</u>	<u>174,079,858</u>
GROSS PROFIT		130,259,421	70,887,057	9,810,934
OTHER INCOME	4,19	<u>486,898</u>	<u>1,600,067</u>	<u>1,024,653</u>
GROSS INCOME		130,746,319	72,487,124	10,835,587
OPERATING EXPENSES	4,18	<u>(76,411,792)</u>	<u>(41,823,730)</u>	<u>(34,806,094)</u>
FINANCE COST		<u>(43,511,702)</u>	<u>(37,014,323)</u>	<u>(18,893,308)</u>
INCOME (LOSS) BEFORE TAX		<u>10,822,825</u>	<u>(6,350,929)</u>	<u>(42,863,815)</u>
INCOME TAX EXPENSE (BENEFIT)	4,22			
Current		2,612,951	1,087,144	296,145
Deferred		<u>1,576,993</u>	<u>(2,676,912)</u>	<u>(10,038,992)</u>
		<u>4,189,944</u>	<u>(1,589,768)</u>	<u>(9,742,847)</u>
INCOME (LOSS) FOR THE YEAR		6,632,881	(4,761,161)	(33,120,968)
COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>P 6,632,881</u>	<u>P (4,761,161)</u>	<u>P (33,120,968)</u>
BASIC EARNINGS (LOSS) PER SHARE	23	<u>P 30.15</u>	<u>P (21.70)</u>	<u>P (151.51)</u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.

STATEMENTS OF CHANGES IN EQUITY For The Years Ended December 31, 2024, 2023 and 2022

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
SHARE CAPITAL	4,15			
Balance, beginning of the year		P 219,430,000	P 218,600,000	P 206,800,000
Issuance of shares		<u>550,000</u>	<u>830,000</u>	<u>11,800,000</u>
Balance, end of the year		<u>219,980,000</u>	<u>219,430,000</u>	<u>218,600,000</u>
SHARE PREMIUM	4,15			
Balance, beginning of the year		P 213,309,000	P 193,164,000	P 39,200,000
Issuance of shares		<u>11,125,000</u>	<u>20,145,000</u>	<u>153,964,000</u>
Balance, end of the year		<u>224,434,000</u>	<u>213,309,000</u>	<u>193,164,000</u>
ACCUMULATED DEFICITS	4			
Balance, beginning of the year		(65,642,291)	(60,881,130)	(27,760,162)
Income (loss) for the year		<u>6,632,881</u>	<u>(4,761,161)</u>	<u>(33,120,968)</u>
Balance, end of the year		<u>(59,009,410)</u>	<u>(65,642,291)</u>	<u>(60,881,130)</u>
EQUITY, net		<u><u>P 385,404,590</u></u>	<u><u>P 367,096,709</u></u>	<u><u>P 350,882,870</u></u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2024, 2023 and 2022

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the year		P 10,822,825	P (6,350,929)	P (42,863,815)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Interest income	4,19	(6,323)	(10,857)	(121,053)
Interest expense		43,511,702	37,014,323	18,893,308
Depreciation	4,10,21	36,580,746	24,577,897	23,822,272
Amortization		280,000	280,000	186,667
Operating income (loss) before changes in working capital		91,188,950	55,510,434	(82,621)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,5,7	(119,602,011)	(4,346,017)	(17,331,067)
Inventories	4,8	(4,432,564)	756,244	(18,023,286)
Prepayments and other current assets	4,9	3,561,047	(5,761,931)	(2,561,539)
Increase (decrease) in:				
Trade and other payables	4,12	48,759,125	14,986,096	(33,317,038)
Other current liabilities	4,13	5,710,353	19,433	2,422,150
Cash provided by (used in) operation		25,184,900	61,164,259	(68,893,401)
Interest received	4,19	6,323	10,857	121,053
Income tax paid		(1,300,841)	-	(319,986)
Net cash provided by (used in) operating activities		23,890,382	61,175,116	(69,092,334)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,10	(20,698,580)	(15,640,859)	(109,179,895)
Intangible asset	4,11	-	-	(1,400,000)
Interest expense paid	4,11,15	(49,596,502)	(37,014,323)	(33,439,977)
Interest income received	4,6,11	-	-	6,969
Net cash used in investing activities		(70,295,082)	(52,655,182)	(144,012,903)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,15	11,675,000	20,975,000	165,764,000
Payment of loan	4,15	(31,250,000)	(31,250,000)	-
Payment of advances from related parties	4,21	70,280,040	-	(54,798,338)
Proceeds from advances from related parties	4,21	-	-	10,280,483
Net cash provided by (used in) financing activities		50,705,040	(10,275,000)	121,246,145
NET DECREASE IN CASH		4,300,340	(1,755,066)	(91,859,092)
CASH AT THE BEGINNING OF THE YEAR		8,685,227	10,440,293	102,299,385
CASH AT THE END OF THE YEAR		P 12,985,567	P 8,685,227	P 10,440,293

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER -
PALAWAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 and 2022**

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on January 20, 2017 under Registration No. CS201702182.

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 clinic, condo-hospital, scientific research institutions and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On March 29, 2021, the SEC En Banc under SEC MSRD Order No. 14 Series of 2021 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for thirty six thousand (36,000) common shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from 150,000.00 per block up to a maximum offer price of ₱600,000.00 per block with an aggregate principal amount of Nine Hundred Ninety-Nine Million Nine Hundred Thousand Pesos (₱999,900,000.00); six hundred (600) founders shares – not included in the offer; and two hundred three thousand four hundred (203,400) common shares – not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulations Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located at Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan.

Status of Operation

The Company commenced full operation in January 2023.

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2024 including its comparative figures for the years ended December 31, 2023 and 2022 were approved and authorized for issue by the Board of Directors on April 11, 2025.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Company have been prepared in accordance with the *Philippine Financial Reporting Standard (PFRS)* Accounting Standards as approved by the Financial and Sustainability Reporting Standards Council (FSRSC). This financial reporting framework includes PFRS, Philippine Accounting Standard (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and adopted by the Securities and Exchange Commission (SEC), including SEC pronouncement.

Basis of Preparation and Measurement

The Company has prepared the financial statements as at and for the year ended December 31, 2024 and 2023 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

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

The financial statements of the Company have been prepared on a historical cost basis, unless stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 by the Company.

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

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 5 - Significant Accounting Judgements and Estimates
- Note 27 - Fair Value Measurement

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2024.

- *Amendments to PAS 1, Presentation of Financial Statements – Non-current liabilities with covenants.*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities, and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

- *Amendments to PAS 7, Statements of Cash Flows and PFRS 7, Financial instruments: Disclosures – Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to a concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- a. The terms and conditions of the arrangements
- b. The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements

- c. The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- d. Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- e. Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 2024. Earlier application is permitted.

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

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

New and Amended Standards Issued but not yet Effective or Adopted

Pronouncements issued but not yet effective are listed below. The Company intends to apply the following pronouncement when they become effective. Adoption of these pronouncements is not expected to have a material impact on the Company's financial statements.

Effective beginning on or after January 1, 2025

- ***PFRS 17, Insurance Contracts***

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- a. A specific adaptation for contracts with direct participation features (the variable fee approach)
- b. A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- *Amendments to PAS 21, 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Effective beginning on or after January 1, 2026

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

The amendments clarify that financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to identify financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments. Based on management assessment, this is not expected to have any material impact on the financial statements of the Company.

- *Annual Improvements to PFRS Accounting Standards-Volume 11*

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- ***Amendments to PFRS 1, Hedge Accounting by a First-time Adopter***

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- ***Amendments to PFRS 7, Gain or Loss on Derecognition***

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- ***Amendments to PFRS 9***

- a) **Lessee Derecognition of Lease Liabilities**

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- b) **Transaction Price**

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- ***Amendments to PFRS 10, Determination of a 'De Facto Agent'***

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- ***Amendments to PAS 7, Cost Method***

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Effective beginning on or after January 1, 2027

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

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- ***PFRS 19, Subsidiaries without Public Accountability***

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016, of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures". Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

NOTE 4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The

classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

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

Financial Assets at Amortized Cost

Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2024, 2023 and 2022, the Company's cash and trade and other receivables account are classified under this category (Note 6 and 7).

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Receivables

Receivables are recognized only when it becomes a party to a contractual provision that give rise to a payable of another entity. They are initially recognized at the transaction price including transaction cost and subsequently measured at amortized cost using the effective interest rate. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent assets.

Receivables are derecognized when the right to receive cash flows from the receivables have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Prepayments and Other Current Assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized when paid and stated at cost less any utilized portion. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Other current assets include input value-added tax (VAT). Input VAT is stated at any costless impairment in value. Input VAT is the indirect tax paid by the Company on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period and is recognized as an asset.

presented as Input VAT in the statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims.

Prepayments and other current assets that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

At each reporting date, prepayments and other current assets are assessed for impairment. If impaired, the carrying amount is reduced to its carrying amount; the impairment loss is recognized immediately in statements of comprehensive income.

Prepayments and other current assets are derecognized when they have no future benefit expected from it. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

Prepaid Income Taxes

Prepaid income tax from Creditable Withholding Taxes (CWTs) CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve months, are classified as current assets. Otherwise, it is presented as noncurrent assets.

Trade and Other Payables

Payables are recognized when the Company becomes a party to the contractual provision that gives rise to a receivable of another entity. Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers.

Accrued expenses represent expenses incurred for the period, but not yet paid as at reporting date.

Financial Liabilities at Amortized Cost

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

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2024, 2023 and 2022, the Company's trade and other payables, advances from related parties, and loans payable accounts are classified under this category (Note 12, 14 and 21).

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 FVTPL, 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 Other Comprehensive Income (OCI).

For a financial asset reclassified out of the financial assets at FVTPL 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 shall be recognize in profit or loss.

For a financial asset reclassified out of the financial assets at FVTPL 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 FVTPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets

The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

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

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

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Financial Liabilities

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

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

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.

Inventories

Inventories consists of medicines, hospital supplies and Janitorial supplies. These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Reversals of previously recorded impairment provisions are credited in the statements of comprehensive income based on the result of Management's current assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Advances to Contractors and Suppliers

Advances to contractors and suppliers represents advance payment made to contractors for services rendered and suppliers for purchases of materials and equipment. This is initially measured at cost and subsequently apply on a pro-rate basis from the contractor's periodic progress billings or when the goods are delivered in case of purchases of materials and equipment.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is immediately recognized in profit and loss.

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Impairment of Non- Financial Assets

At each reporting date, the carrying amount of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the 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 immediately in profit and loss.

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

Other Current Liabilities

Other current liabilities include government taxes payable and statutory payables. These are presented in the statement of financial position at undiscounted amounts.

Equity

Share Capital

Share capital is measured at par value for all shares issued. Proceeds and/or fair value of considerations received more than par value are recognized as capital more than par value. Capital stock represents the par value of shares that were issued at the end of the reporting period.

Share Premium

Share premium includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from Share premium, net of any related income tax benefits. It represents any contribution of stockholders over the par value of the shares.

Accumulated Deficits

Accumulated deficits represent accumulated losses incurred by the Company. It includes effect of changes in accounting policy as may be required by the standard's transitional provisions and effect of correction of prior period errors.

Revenue

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 either at a point in time or over a period of time.

Revenue is recognized as follows:

Hospital revenue

This represents revenue from primary healthcare services. This is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Any consideration received that are payable to third parties are accounted as a reduction of the transaction price / hospital revenues. This includes professional fees of doctors received from patients in behalf of the doctors and are subsequently reimbursed to doctors.

Sale of drugs and medicines

Revenue from sale of drugs and medicines is recognized at the point in time when control over the goods is transferred to the customer, generally upon delivery of the goods at the customer's location.

Rental income

Rental revenue arising from operating leases on investment property is accounted for on a straight-line basis over the lease term. Any contingent rental revenue is recognized when it arises.

Other income

Other income which includes income from cafeteria and miscellaneous income is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Finance income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of sales and services

Cost of sales and services are recognized in profit or loss in the period the goods are sold and when services are rendered.

Operating expense

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses such as director's allowance, employees' compensation and other benefits, transportation and travel, meetings and conferences, advertising and promotions, professional fees, taxes and licenses, office supplies, communication light and water, fines and penalties, repairs and maintenance, bank charges, insurance, representation, interest expense, miscellaneous and other expenses attributable to administrative and other business activities of the Company.

Borrowing cost

Borrowing costs include interest and other charges related to borrowing arrangements. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

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.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense.

Current Tax. Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable

income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO can be utilized.

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

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

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

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

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after give 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 equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expenses in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company is newly established one and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

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 major

shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased items are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

The following are the significant judgement, accounting estimates and assumptions by the Company:

Judgment

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:

Determination of ECL on Financial Assets

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Details about the ECL on the Company's financial assets are disclosed in Note 25.

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss on nonfinancial assets was recognized in the Company's financial statements in either 2024, 2023 or 2022.

Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account whenever events or changes in circumstances indicate that the carrying amount of the inventory may not be recoverable. The factors that the Company considers important which could trigger an impairment review include significant decline in inventories' market value, obsolescence and physical damage

of inventories. If such indications are present and where the cost of inventories exceeds its estimated selling price less costs to sell, an impairment loss is recognized in profit or loss.

Estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 26.

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

<u>Particulars</u>	<u>Useful Lives</u>
Office, Furniture and Equipment	3 - 5 years
Medical Equipment	5-10 years
Transportation Equipment	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2023 will be fully utilized in the coming years. The carrying value of deferred tax assets as of the reporting dates is disclosed in Note 22.

NOTE 6 - CASH

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash on hand	₱ 1,191,183	₱ -	₱ 50,000
Cash in banks	11,794,384	8,685,227	10,390,293
	<u>₱ 12,985,567</u>	<u>₱ 8,685,227</u>	<u>₱ 10,440,293</u>

Cash in bank are unrestricted and available for the Company's operations. This generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱6,323, ₱10,857 and ₱121,053 for the years 2024, 2023 and 2022, respectively (Note 19). The interest income deducted on capitalized borrowing cost amounts to ₱6,969 in 2022 (Note 10).

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Trade receivables	₱ 144,721,840	₱ 25,443,892	₱ 17,469,520
Advances to employees	573,865	342,265	1,204,249
Others	220,000	220,000	220,000
	145,515,705	26,006,157	18,893,769
Allowance for credit losses	(4,183,610)	(4,276,073)	(1,509,702)
	₱ 141,332,095	₱ 21,730,084	₱ 17,384,067

Trade receivables pertain to receivables from patients, reimbursements from HMO, PCSO, PSWD, DSWD and PhilHealth availed by the patients.

Advances to employees pertain to advances to employees that are collectible thru salary deduction.

Receivables others pertain to receivables from rental of space for research office and hospital cafeteria.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2024, 2023 and 2022 is shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at January 1	₱ 4,276,073	₱ 1,509,702	₱ -
Credit losses	-	2,766,371	1,509,702
Recovery of allowance	(92,463)	-	-
Balance, December 31	₱ 4,183,610	₱ 4,276,073	₱ 1,509,702

NOTE 8 - INVENTORIES

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Hospital supplies	₱ 11,330,190	₱ 2,804,732	₱ 2,914,872
Pharmacy supplies	7,636,968	10,308,432	10,713,234
Laboratory supplies	4,280,063	5,878,534	6,109,379
Dietary supplies	443,333	266,292	276,749
	₱ 23,690,554	₱ 19,257,990	₱ 20,014,234

Pharmacy, laboratory and hospital supplies pertain to medicines and medical supplies administered/used to patients.

No portion of the inventory was pledged as security for any liability.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Prepaid expenses	₱ 1,000,421	₱ 1,000,421	₱ 1,000,421
Input tax	2,808,004	3,879,005	-
Prepaid supplies	580,176	2,960,715	2,250,600
Prepaid income tax (Note 22)	-	109,508	23,841
	<u>₱ 4,388,601</u>	<u>₱ 7,949,649</u>	<u>₱ 3,274,862</u>

Prepaid expenses represent advance payment of the Company's insurance, taxes and licenses and other expenses paid in advance which will be expensed in the next accounting period or within 12 months from reporting period.

Prepaid supplies consist of unused housekeeping supplies and linens which are expected to be consumed in the succeeding months.

Prepaid income tax pertains to excess tax credits, which could be applied to tax liability of the company in the future or succeeding period.

NOTE 10 - PROPERTY AND EQUIPMENT - net

A reconciliation in the carrying amounts at the beginning and end of year 2024, 2023 and 2022 of property and equipment is shown below:

2024

	<u>Land</u>	<u>Hospital Building</u>	<u>Transportation Equipment</u>	<u>Subtotal</u>
Costs				
January 1, 2024	₱ 50,273,850	₱ 841,091,264	₱ 2,002,470	₱ 893,367,584
Additions	-	1,600,000	-	1,600,000
Disposal	-	-	-	-
December 31, 2024	<u>50,273,850</u>	<u>842,691,264</u>	<u>2,002,470</u>	<u>894,967,584</u>
Accumulated depreciation				
January 1, 2024	-	25,106,418	467,387	25,573,805
Depreciation	-	17,730,158	200,679	17,930,837
Disposal	-	-	-	-
December 31, 2024	<u>-</u>	<u>42,836,576</u>	<u>668,066</u>	<u>43,504,642</u>
Carrying amount				
December 31, 2024	<u>₱ 50,273,850</u>	<u>₱ 799,854,688</u>	<u>₱ 1,334,404</u>	<u>₱ 851,462,942</u>

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2024	P 893,367,584	P 116,056,032	P 15,598,448	P 1,279,694	P 1,026,301,758
Additions	1,600,000	9,632,091	9,459,489	7,000	20,698,580
Disposal	-	-	-	-	-
December 31, 2024	894,967,584	125,688,123	25,057,937	1,286,694	1,047,000,338
Accumulated depreciation					
January 1, 2024	25,573,805	22,027,907	3,903,043	737,694	52,242,449
Depreciation	17,930,837	14,341,994	4,030,615	277,300	36,580,746
Disposal	-	-	-	-	-
December 31, 2024	43,504,642	36,369,901	7,933,658	1,014,994	88,823,195
Carrying amount					
December 31, 2024	P 851,462,942	P 89,318,222	P 17,124,279	P 271,700	P 958,177,143

2023

	Land	Hospital Building	Transportation Equipment	Subtotal
Costs				
January 1, 2023	P 50,273,850	P 828,459,248	P 2,002,470	P 880,735,568
Additions	-	12,632,016	-	12,632,016
Disposal	-	-	-	-
Reclassification	-	-	-	-
December 31, 2023	50,273,850	841,091,264	2,002,470	893,367,584
Accumulated depreciation				
January 1, 2023	-	12,426,889	266,996	12,693,885
Depreciation	-	12,679,529	200,391	12,879,920
Disposal	-	-	-	-
December 31, 2023	-	25,106,418	467,387	25,573,805
Carrying amount				
December 31, 2023	P 50,273,850	P 815,984,846	P 1,535,083	P 867,793,779

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2023	P 880,735,568	P 113,047,189	P 15,598,448	P 1,279,694	P 1,010,660,899
Additions	12,632,016	3,008,843	-	-	15,640,859
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
December 31, 2023	<u>893,367,584</u>	<u>116,056,032</u>	<u>15,598,448</u>	<u>1,279,694</u>	<u>1,026,301,758</u>
Accumulated depreciation					
January 1, 2023	12,693,885	12,504,968	2,090,214	375,485	27,664,552
Depreciation	12,879,920	9,522,939	1,812,829	362,209	24,577,897
Disposal	-	-	-	-	-
December 31, 2023	<u>25,573,805</u>	<u>22,027,907</u>	<u>3,903,043</u>	<u>737,694</u>	<u>52,242,449</u>
Carrying amount					
December 31, 2023	<u>P 867,793,779</u>	<u>P 94,028,125</u>	<u>P 11,695,405</u>	<u>P 542,000</u>	<u>P 974,059,309</u>

2022

	Land	Construction in Progress	Hospital Building	Transportation Equipment	Subtotal
Costs					
January 1, 2022	P 50,273,850	P 734,597,972	P -	P 2,002,470	P 786,874,292
Additions	-	76,252,786	17,608,490	-	93,861,276
Disposal	-	-	-	-	-
Reclassification	-	(810,850,758)	810,850,758	-	-
December 31, 2022	<u>50,273,850</u>	<u>-</u>	<u>828,459,248</u>	<u>2,002,470</u>	<u>880,735,568</u>
Accumulated depreciation					
January 1, 2022	-	-	-	66,605	66,605
Depreciation	-	-	12,426,889	200,391	12,627,280
Disposal	-	-	-	-	-
December 31, 2022	<u>-</u>	<u>-</u>	<u>12,426,889</u>	<u>266,996</u>	<u>12,693,885</u>
Carrying amount					
December 31, 2022	<u>P 50,273,850</u>	<u>P -</u>	<u>P 816,032,359</u>	<u>P 1,735,474</u>	<u>P 868,041,683</u>

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2022	₱ 786,874,292	₱ 88,212,815	₱ 13,060,487	₱ 268,940	₱ 888,416,534
Additions	93,861,276	24,834,374	2,537,961	1,010,754	122,244,365
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
December 31, 2022	<u>880,735,568</u>	<u>113,047,189</u>	<u>15,598,448</u>	<u>1,279,694</u>	<u>1,010,660,899</u>
Accumulated depreciation					
January 1, 2022	66,605	3,048,524	713,875	13,276	3,842,280
Depreciation	12,627,280	9,456,444	1,376,339	362,209	23,822,272
Disposal	-	-	-	-	-
December 31, 2022	<u>12,693,885</u>	<u>12,504,968</u>	<u>2,090,214</u>	<u>375,485</u>	<u>27,664,552</u>
Carrying amount					
December 31, 2022	<u>₱ 868,041,683</u>	<u>₱ 100,542,221</u>	<u>₱ 13,508,234</u>	<u>₱ 904,209</u>	<u>₱ 982,996,347</u>

Depreciation expenses amounted to ₱36,380,746 for the year 2024, ₱24,577,897 for the year 2023 and ₱23,822,272 for the year 2022. These are presented in the statements of comprehensive income (loss) as follows:

	2024	2023	2022
Cost of sales and services (Note 17)	₱ 28,526,120	₱ 19,717,091	₱ 19,397,955
Operating expenses (Note 18)	8,054,626	4,860,806	4,424,317
Total	<u>₱ 36,580,746</u>	<u>₱ 24,577,897</u>	<u>₱ 23,822,272</u>

The Company bought six (6) parcels of land with a total lot area of 7,051 sq. m. These are situated in Tiniguiban, Puerto Princesa, City of Palawan. These properties were used as a site for the construction of hospital building. The land together with all the buildings and improvements were used as collateral in the Company's bank loan. The carrying value of the land and the buildings and improvements /construction-in-progress used as collateral for the loan amounted to ₱850,128,538, ₱866,258,696 and ₱866,306,209 as at December 31, 2024, 2023 and 2022, respectively (Note 14).

The Company entered into a construction agreement for the construction of multidisciplinary special medical facility (hospital). This was initially presented under Construction in Progress and was reclassified to proper account upon completion. The construction was completed in the 2nd quarter of 2022.

In second quarter of 2022, the Company launched partial operations and construction-in-progress was reclassified to Hospital Building Account amounting to ₱810,850,758.

Capitalized borrowing cost were reduced by the interest income earned from bank deposit where the proceeds from the loan is deposited. This amounted to ₱6,969 for the year ended December 31, 2022.

NOTE 11 - INTANGIBLE ASSET

This account pertains to the hospital information system used by the Company for its operation.

A reconciliation of the carrying amounts at the beginning and end of years 2024 and 2023 is shown below:

	<u>2024</u>	<u>2023</u>
Cost		
Balance, beginning of the year	₱ 1,400,000	₱ 1,400,000
Additions	-	-
Disposal	-	-
Balance, end of the year	<u>1,400,000</u>	<u>1,400,000</u>
Accumulated Amortization		
Balance, beginning of the year	466,667	186,667
Amortization	280,000	280,000
Disposal	-	-
Balance at end of year	<u>746,667</u>	<u>466,667</u>
 Carrying amount	 <u>₱ 653,333</u>	 <u>₱ 933,333</u>

No impairment losses were recognized for the years 2024 and 2023. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 12 - TRADE AND OTHER PAYABLES

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Trade payables	₱ 64,561,044	₱ 45,458,447	₱ 34,365,785
Retention payable	23,885,652	15,741,294	23,120,328
Accrued interest payable	5,400,164	11,484,964	6,042,256
Accrued expenses	1,595,586	6,944,804	1,115,044
Other payables	26,861,387	-	-
	<u>₱ 122,303,833</u>	<u>₱ 79,629,509</u>	<u>₱ 64,643,413</u>

Trade payable pertain to unpaid balance on the progress billings of contractors, unpaid purchases of medical/hospital equipment and supplies and doctors' professional fee. These are non-interest bearing and has a term of 30 to 60 days.

Retention payable pertains to the amount retain by the Company from the contractor's progress billing as provided in the construction contract, this is payable upon completion of the project and acceptance of the Company of the workmanship of the contractor.

Accrued interest payable represents accrued interests on bank loans and interest-bearing advances from shareholders.

Accrued expenses represents accrual of communication, light and water, professional fees, security services, housekeeping and employee benefits.

NOTE 13 - OTHER CURRENT LIABILITIES

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Withholding taxes payable	P 7,602,883	P 1,164,467	P 2,134,084
SSS, PHIC and HDMF Payables	1,103,099	1,831,162	617,466
Documentary stamp tax payable	118,000	118,000	118,000
VAT payable	-	-	224,646
	<u>P 8,823,982</u>	<u>P 3,113,629</u>	<u>P 3,094,196</u>

NOTE 14 - LOANS PAYABLE

Outstanding balances of the Company's loans payable are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 62,500,000	P 31,250,000	P 31,250,000
Non-current	500,000,000	562,500,000	593,750,000
Total	<u>P 562,500,000</u>	<u>P 593,750,000</u>	<u>P 625,000,000</u>

Development Bank of the Philippines

The Company entered into a Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of P625M which was fully released in 2021.

The loan is payable in twelve (12) years inclusive of a two (2) - year grace period on the principal repayment. The principal is payable in forty (40) quarterly amortizations commencing at the end of the ninth (9th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release ranging from 5% to 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the construction of an eight (8)- storey Level 2 hospital building with basement parking areas located at National Highway, San Pedro, Puerto Princesa, Palawan, with one hundred twenty (120) – bed capacity. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. 074-2019000871 to 074-2019000876 registered under the name of Allied Care Experts (ACE) Medical Center-Palawan, Inc. The carrying value of the land and the buildings and improvements /construction-in-progress used as collateral for the loan amounted to P850,128,538, P866,258,696 and P866,306,209 as at December 31, 2024, 2023 and 2022, respectively. (Note 10).

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 to start after one (1) full year of commercial operations and at any time thereafter during the term of the loan, not permit the current ratio to be less than 1:1 at any time to start after one (1) full year of commercial operations, not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time to start after one (1) full year of commercial operations, incurrence of additional long-term indebtedness or guarantees and creation of property encumbrances. As at December 31, 2022, the Company is in compliance with the terms of its loan agreement.

Movement of loans payable is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning balance	P 593,750,000	P 625,000,000	P 625,000,000
Proceeds	-	-	-
Payments	<u>(31,250,000)</u>	<u>(31,250,000)</u>	<u>-</u>
Ending balance	<u>P 562,500,000</u>	<u>P 593,750,000</u>	<u>P 625,000,000</u>

Total interest and other loan related cost capitalized from these loans (net of interest income) amounted to Pnil, Pnil and P13,064,470 in 2024, 2023 and 2022, respectively. (Note 10).

Total interest expense recognized in the statements of comprehensive income amounts to P43,511,702 in 2024 and P37,014,323 in 2023 and P18,893,308 in 2022.

NOTE 15 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as of December 31, 2024, 2023 and 2022 are as follows:

	<u>2024</u>		<u>2023</u>		<u>2022</u>	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - P1,000 par value	P239,400,000	239,400	P239,400,000	239,400	P239,400,000	239,400
Founder's shares - P1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>P240,000,000</u>	<u>240,000</u>	<u>P240,000,000</u>	<u>240,000</u>	<u>P240,000,000</u>	<u>240,000</u>
Subscribed:						
Common shares - P1,000 par value	P219,380,000	219,380	P218,830,000	218,830	P218,000,000	206,200
Founder's shares - P1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>P219,980,000</u>	<u>219,980</u>	<u>P219,430,000</u>	<u>219,430</u>	<u>P218,600,000</u>	<u>206,800</u>
Less: Subscription receivable						
Common shares - P1,000 par value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Issued and outstanding	<u>P219,980,000</u>	<u>219,980</u>	<u>P219,430,000</u>	<u>219,430</u>	<u>P218,600,000</u>	<u>218,600</u>

A reconciliation of the outstanding shares at the beginning and end of December 31, 2024, 2023 and 2022 is shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Outstanding, beginning	219,430	218,600	206,800
Issuance	550	830	11,800
Reacquisition	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding, ending	<u>219,980</u>	<u>219,430</u>	<u>218,600</u>

Founders' shares have the exclusive right to vote and be voted for the election of Directors for five (5) years from the date of registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares.

On March 15, 2019, Securities and Exchange Commission (SEC) approved the increase of the Company's authorized capital stock from One Hundred Twenty Million Pesos (P120,000,000.00) divided into One Hundred Nineteen Thousand Four Hundred (119,400) Common shares and Six Hundred (600) Founder shares, both with a par value of One Thousand Pesos (P1,000.00) per share to Two Hundred Forty Million Pesos (P240,000,000) divided into Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares and Six Hundred (600) Founders' shares, both with the par value of One Thousand Pesos (P1,000.00) per share.

As at December 31, 2022, the Company issued through public offering additional Eleven Thousand Eight Hundred (11,800) common shares. The related share premium arising from this sale, amounted to P153,964,000. Total share premium paid as at December 31, 2022 amounted to P193,164,000.

As at December 31, 2023, the Company issued through public offering additional Eight Hundred Thirty (830) common shares. The related share premium arising from this sale, amounted to P20,145,000. Total share premium paid as at December 31, 2023 amounted to P213,309,000.

As at December 31, 2024, the Company issued through public offering additional Five Hundred Fifty (550) common shares. The related share premium arising from this sale, amounted to P11,125,000. Total share premium paid as at December 31, 2023 amounted to P224,434,000.

As at December 31, 2024, the Company has fifty-three (53) shareholders owning one hundred (100) and more shares of the Company's capital stock.

NOTE 16 - REVENUES

Details of the Company's revenue are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Hospital revenue	P 285,383,569	P 213,020,341	P 149,589,792
Sales of drugs and medicines	145,158,695	80,729,585	44,085,287
Discounts	(49,422,080)	(20,060,185)	(9,784,287)
	<u>P 381,120,184</u>	<u>P 273,689,741</u>	<u>P 183,890,792</u>

Discounts are extended to senior citizen, PWD and other government mandated entitlement, it also includes discounts to shareholder's, shareholder's spouse and dependents based on the Company prospectus.

NOTE 17 - COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Direct costs and services	P 204,015,805	P 176,346,035	P 147,314,976
Overhead costs	46,844,958	26,456,649	26,764,882
	<u>P 250,860,763</u>	<u>P 202,802,684</u>	<u>P 174,079,858</u>

Breakdown of overhead follows:

	2024	2023	2022
Depreciation (Note 10)	P 28,526,120	P 19,717,091	P 19,397,955
Communication, light and water	15,786,081	6,291,451	6,909,241
Equipment rentals (Note 24)	2,532,757	448,107	457,686
	<u>P 46,844,958</u>	<u>P 26,456,649</u>	<u>26,764,882</u>

NOTE 18 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

	2024	2023	2022
Employees' compensation and other benefits (Note 20)	P 37,060,149	P 23,359,338	P 13,242,576
Depreciation (Note 10)	8,054,626	4,860,806	4,424,317
Fines and penalties	5,941,691	20,969	-
Taxes and licenses	5,205,230	1,020,240	398,068
Office and other supplies	4,204,847	760,689	2,472,047
Communication, light and water	3,956,407	1,701,204	1,727,310
Advertising and promotions	3,234,770	1,608,400	3,090,978
Security services	2,539,164	1,678,228	2,361,114
Professional fees	1,404,784	584,867	822,869
Repairs and maintenance	1,400,225	115,850	815,416
Trainings and seminars	522,830	-	-
Transportation and travel	480,827	823,230	840,508
Representation	351,623	39,570	290,707
Insurance	323,594	-	800,163
Amortization	280,000	280,000	186,667
Meetings and conferences	173,473	291,229	484,507
Bank charges	100	195	880
Credit losses	-	2,766,371	1,509,702
Service and processing fees	-	1,217,500	797,710
Membership fees	-	-	28,848
Miscellaneous	1,277,452	695,045	511,707
	<u>P 76,411,792</u>	<u>P 41,823,731</u>	<u>P 34,806,094</u>

NOTE 19 - OTHER INCOME

Details of the Company's other income are as follows:

	2024	2023	2022
Rental income (Note 24)	P 360,000	P 560,000	P 760,000
Recovery of credit losses	92,463	-	-
Interest income (Note 6)	6,323	10,857	121,053
Miscellaneous income	28,112	1,029,210	143,600
	<u>P 486,898</u>	<u>P 1,600,067</u>	<u>P 1,024,653</u>

NOTE 20 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented as follows:

2024

	Cost of sales and services	Operating Expense	Total
Depreciation	P 28,526,120	P 8,054,626	P 36,580,746
Amortization	-	280,000	280,000
Employee benefits	68,736,851	21,723,668	90,460,519

2023

	Cost of sales and services	Operating Expense	Total
Depreciation	P 19,717,091	P 4,860,806	P 24,577,897
Amortization	-	280,000	280,000
Employee benefits	73,912,350	23,359,338	97,271,688

2022

	Cost of sales and services	Operating Expense	Total
Depreciation	P 19,397,955	P 4,424,317	P 23,822,272
Amortization	-	186,667	186,667
Employee benefits	54,673,802	13,242,576	67,916,378

NOTE 21 - RELATED PARTY TRANSACTIONS

A summary of the transactions and account balances with related parties follows:

2024

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Founders	Payments	-		Non-interest bearing; payable in cash or the Shareholders may apply them from their unpaid subscription; no scheduled repayment terms	Unsecured
	Advances	70,280,040	P 80,560,523		

2023

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Founders	Payments	-		Non-interest bearing; payable in cash or the Shareholders may apply them from their unpaid subscription; no scheduled repayment terms	Unsecured
	Advances	-	P 10,280,483		

2022

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Founders	Payments	P(54,798,338)		Non-interest bearing; payable in cash or the Shareholders may apply them from their unpaid subscription; no scheduled repayment terms	Unsecured
	Advances	10,280,483	P 10,280,483		

Cash Advances

The Company obtains cash advances from its founders to finance the Company's pre-operating expenses, other start up fund requirements and on-going construction of hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from related parties account in the statements of financial position.

NOTE 22 - INCOME TAXES

Income tax benefit for the years ended December 31 consists of:

	2024	2023	2022
Current	P 2,612,951	P 1,087,144	P 296,145
Deferred tax expense (income) arising from:			
Temporary differences	1,576,993	(2,676,912)	(10,038,992)
	<u>P 4,189,944</u>	<u>P (1,589,768)</u>	<u>P (9,742,847)</u>

Reconciliation between statutory tax and effective tax follows:

	2024	2023	2022
Income tax at statutory rate	P 2,705,707	P (1,587,733)	P (10,715,954)
Tax effect income subject to final tax	(1,581)	(2,714)	(30,263)
Tax effect of non-deductible interest expense	395	679	7,566
Tax effect of non-deductible representation expense	1,485,423	-	-
Tax effect of expiration of NOLCO	-	-	995,804
Effective income tax	<u>P 4,189,944</u>	<u>P (1,589,768)</u>	<u>P (9,742,847)</u>

A reconciliation of loss before tax reported in the statements of comprehensive income (loss) and taxable loss follows:

	2024	2023	2022
Income (loss) before tax	P 10,822,825	P (6,350,929)	P (42,863,815)
Permanent Differences:			
Interest income subjected to final tax	(6,323)	(10,857)	(121,053)
Interest arbitrage	1,581	2,714	30,263
Non-deductible fines and penalties	5,941,691	-	-

Temporary differences:			
Credit losses (recovery)	(92,463)	2,766,371	1,509,702
Taxable income (loss)	16,667,311	(3,592,701)	(41,444,903)
Application of NOLCO	(16,667,311)	-	-
Net taxable loss	-	(3,592,701)	(41,444,903)
Tax rate	25%	25%	25%
	<u>P -</u>	<u>P (898,175)</u>	<u>P (10,361,226)</u>

Minimum Corporate Income Tax:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Taxable Gross Income	P 130,647,533	P 72,476,267	P 29,614,534
Tax Rate	2%	1.5%	1%
	<u>P 2,612,951</u>	<u>P 1,087,144</u>	<u>P 296,145</u>

Analysis of income tax payable (prepaid income tax) follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax due (MCIT)	P 2,612,951	P 1,087,144	P 296,145
Less: Tax Credits			
Prior year tax credit	(109,508)	(23,841)	
Creditable withholding tax	(1,191,333)	(1,172,811)	(319,986)
Prepaid income tax (Note 9)	<u>P 1,312,110</u>	<u>P (109,508)</u>	<u>P (23,841)</u>

An analysis of DTA follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
DTA arising from NOLCO	P 14,635,602	P 18,802,431	P 17,904,256
DTA arising from credit losses	1,045,903	1,069,018	377,425
DTA arising from MCIT	3,996,240	1,383,289	296,145
	<u>P 19,677,745</u>	<u>P 21,254,738</u>	<u>P 18,577,826</u>

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021. Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The details of NOLCO which can be claimed as deduction against future taxable income for the next three (3) consecutive years follows:

<u>Year Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
2023	2026	P 3,592,701	P -	P -	P 3,592,701
2022	2025	41,444,903	-	-	41,444,903
		<u>P45,037,604</u>	<u>P -</u>	<u>P -</u>	<u>P45,037,604</u>

Details of NOLCO that can be carried over as deduction from gross income for the next five (5) consecutive taxable years in reference to RR 25-2020 follows:

Year Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2021	2026	₱29,000,945	₱(15,496,133)	₱ -	₱13,504,812
2020	2025	1,171,178	(1,171,178)	-	-
		<u>₱30,172,123</u>	<u>₱(16,667,311)</u>	<u>₱ -</u>	<u>₱13,504,812</u>

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

Year Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2024	2027	₱ 2,612,951	₱ -	₱ -	₱ 2,612,951
2023	2026	1,087,144	-	-	1,087,144
2022	2025	296,145	-	-	296,145
		<u>₱ 3,996,240</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 3,996,240</u>

The Minimum Corporate Income Tax (MCIT) was reduced to one percent (1%) on July 1, 2020 until June 30, 2023 pursuant to Revenue Regulation 5-2021. On July 1, 2023, the Minimum Corporate Income Tax (MCIT) was revert back to two percent (2%).

NOTE 23 - BASIC EARNINGS (LOSS) PER SHARE

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income (loss) attributable to ordinary shares	₱ 6,632,881	₱ (4,761,161)	₱ (33,120,968)
Divided by: Weighted average number of ordinary shares outstanding	<u>219,980</u>	<u>219,430</u>	<u>218,600</u>
Basic earnings (loss) per share	<u>₱ 30.15</u>	<u>₱ (21.70)</u>	<u>₱ (151.51)</u>

NOTE 24 - LEASE AGREEMENTS

Company as a lessor

In 2021, the Company entered into short term lease agreement with various individual for spaces in the cafeteria. The Company has determined that all significant risks and rewards of ownership of this property remain with the lessor.

Rent income recognized from these leases amounted to ₱360,000, ₱560,000 and ₱760,000 in 2024, 2023 and 2022, respectively. These are presented under other income in the statements of comprehensive income (loss) (Note 19).

Company as a lessee

The Company entered into a lease agreement with Respicare Enterprises Inc. for the use of medical equipment on a per day and monthly basis depending on the need of the hospital.

The Company has elected not to recognize a lease liability for short-term leases with variable payments. Payments made under such leases are expensed on a straight-line basis. Lease payments recognized as Rentals under Cost of Sales and Services in Statements of Comprehensive Income amounted to ₱2,532,757 and ₱448,107 in 2024 and 2023, respectively (Note 17).

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024, 2023 and 2022 based on contractual undiscounted payment.

	December 31, 2024			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	₱ 98,418,181	₱ 23,885,652	₱ -	₱ 122,303,833
Loans payable	24,411,088	71,507,848	608,835,585	704,754,521
Advances from related parties	-	80,560,523	-	80,560,523
	<u>₱122,829,269</u>	<u>₱ 175,954,023</u>	<u>₱608,835,585</u>	<u>₱ 907,618,877</u>

	December 31, 2023			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	P 63,888,215	P 15,741,294	P -	P 79,629,509
Loans payable	16,982,599	50,229,749	704,754,521	771,966,869
Advances from related parties	-	10,280,483	-	10,280,483
	<u>P 80,870,814</u>	<u>P 76,251,526</u>	<u>P704,754,521</u>	<u>P 861,876,861</u>

	December 31, 2022			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	P 41,523,085	P 23,120,328	P -	P 64,643,413
Loans payable	11,734,666	51,656,637	766,424,501	829,815,804
Advances from related parties	-	10,280,483	-	10,280,483
	<u>P 53,257,751</u>	<u>P 85,057,448</u>	<u>P766,424,501</u>	<u>P 904,739,700</u>

Market Risks

Interest Rate Risk

Interest rate risks arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loan amounting to P562.5M, P593.75M, and P625M as of December 21, 2024, 2023 and 2022, which are subject to interest rate repricing (Note 14).

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2024	2023	2022
+1%	(5,625,000)	P (5,937,500)	P (6,250,000)
-1%	5,625,000	5,937,500	6,250,000

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and contractors, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2024, 2023 and 2022.

Credit Quality per Class of Financial Asset

December 31, 2024						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 11,794,384	₱ -	₱ -	₱ -	₱ -	₱ 11,794,384
Trade and other receivables	106,945,025	22,444,862	-	16,125,818	-	145,515,705
	₱118,739,409	₱ 22,444,862	₱ -	₱ 16,125,818	₱ -	₱ 157,310,089
December 31, 2023						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 8,685,227	₱ -	₱ -	₱ -	₱ -	₱ 8,685,227
Trade and other receivables	730,788	3,103,885	-	22,171,484	-	26,006,157
	₱ 9,416,015	₱ 3,103,885	₱ -	₱ 22,171,484	₱ -	₱ 34,691,434
December 31, 2022						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 10,390,293	₱ -	₱ -	₱ -	₱ -	₱ 10,390,293
Receivables	1,424,249	2,348,061	-	15,121,459	-	18,893,769
	₱ 11,814,542	₱ 2,348,061	₱ -	₱ 15,121,459	₱ -	₱ 29,284,062

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash	P 11,794,384	P 8,685,227	P 10,390,293
Trade and other receivables	145,515,705	26,006,157	18,893,769
	<u>P 157,310,089</u>	<u>P 34,691,384</u>	<u>P 29,284,062</u>

Cash excludes petty cash fund and cash on hand amounting to P1,191,183, Pnil and P50,000 in 2024, 2023 and 2022.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500.000 for every depositor per banking institution.

(b) Trade and other receivables

Trade Receivables

The Company applies the PFRS 9 forward-looking approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

On that basis, the loss allowance as at December 31, 2024 and 2023 was determined based on months past due, as follows for trade receivables:

	December 31, 2024						
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	30%	100%	
Trade receivables	P 1,870,786	P 2,161,148	P 2,116,787	P 2,456,084	P 5,538,085	P 1,982,928	P 16,125,818
Loss allowance	P 37,416	P 108,057	P 148,175	P 245,608	P 1,661,426	P 1,982,928	P 4,183,610

	December 31, 2023						Total
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	<u>P 3,103,885</u>	<u>P 6,373,158</u>	<u>P 4,842,258</u>	<u>P 5,134,927</u>	<u>P 3,268,535</u>	<u>P 2,552,606</u>	<u>P 25,275,369</u>
Loss allowance	<u>P 62,078</u>	<u>P 318,658</u>	<u>P 338,958</u>	<u>P 513,493</u>	<u>P 490,280</u>	<u>P 2,552,606</u>	<u>P 4,276,073</u>

A reconciliation of the closing loss allowance for trade receivables as at December 31, 2024, 2023 and 2022 are presented below:

	2024	2023	2022
Balance at January 1	P 4,276,073	P 1,509,702	P -
Credit losses	-	2,766,371	1,509,702
Recovery of allowance	(92,463)	-	-
Balance, December 31	<u>P 4,183,610</u>	<u>P 4,276,073</u>	<u>P 1,509,702</u>

Other Receivables

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

NOTE 26 - CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

Management sees to it that equity is closely monitored in proportion to risk. Total equity comprises all components of equity including share capital and accumulated earnings of the Company. The Company monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as total liabilities divided by total equity.

	2024	2023	2022
Total current liabilities	P 275,500,448	P 124,273,621	P 109,268,092
Total non-current liabilities	500,000,000	562,500,000	593,750,000
Total liabilities (a)	775,500,448	686,773,621	703,018,092
Total equity (b)	385,404,590	367,642,291	350,882,870
Debt-to-equity ratio (a/b)	<u>2.01:1</u>	<u>1.87:1</u>	<u>2.00:1</u>

NOTE 27 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2024, 2023 and 2022:

		2024			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash	6	₱ 12,985,567	₱ -	₱ 12,985,567	₱ -
Trade and receivables	7	141,332,095	-	141,332,095	-
		<u>₱ 154,317,662</u>	<u>₱ -</u>	<u>₱ 154,317,662</u>	<u>₱ -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	12	₱ 122,303,833	₱ -	₱ 122,303,833	₱ -
Loans payable	14	562,500,000	-	562,500,000	-
Advances from related parties	21	80,560,523	-	80,560,523	-
		<u>₱ 765,364,356</u>	<u>₱ -</u>	<u>₱ 765,364,356</u>	<u>₱ -</u>
		2023			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash	6	₱ 8,685,227	₱ -	₱ 8,685,227	₱ -
Trade and receivables	7	21,730,084	-	21,730,084	-
		<u>₱ 30,415,311</u>	<u>₱ -</u>	<u>₱ 30,415,311</u>	<u>₱ -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	12	₱ 79,629,509	₱ -	₱ 79,629,509	₱ -
Loans payable	14	593,750,000	-	593,750,000	-
Advances from related parties	21	10,280,483	-	10,280,483	-
		<u>₱ 683,659,992</u>	<u>₱ -</u>	<u>₱ 683,659,992</u>	<u>₱ -</u>
		2022			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash	6	₱ 10,440,293	₱ -	₱ 10,440,293	₱ -
Trade and other receivables	7	17,384,067	-	17,384,067	-
		<u>₱ 27,824,360</u>	<u>₱ -</u>	<u>₱ 27,824,360</u>	<u>₱ -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	12	₱ 64,643,413	₱ -	₱ 64,643,413	₱ -
Loans payable	14	625,000,000	-	625,000,000	-
Advances from related parties	21	10,280,483	-	10,280,483	-
		<u>₱ 699,923,896</u>	<u>₱ -</u>	<u>₱ 699,923,896</u>	<u>₱ -</u>

The carrying amounts of cash, receivables, payables and advances from related parties approximate their fair values due to the short-term nature of these transactions.

NOTE 28 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Present below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

2024

	Loans Payable (Note 14)	Interest Payable (Note 12, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2024	P 593,750,000	P 11,484,964	P 10,280,483	P 615,515,447
Cash flow from Financing Activities:				
Additional Borrowing	-	43,511,702	70,280,040	113,791,742
Repayment of Borrowing	(31,250,000)	(49,596,502)	-	(80,846,502)
Non-cash financing activities				
Conversion to Equity	-	-	-	-
Balance, December 31, 2024	<u>P 562,500,000</u>	<u>P 5,400,164</u>	<u>P 80,560,523</u>	<u>P 648,460,687</u>

2023

	Loans Payable (Note 14)	Interest Payable (Note 12, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2023	P 625,000,000	P 6,042,256	P 10,280,483	P 641,322,739
Cash flow from Financing Activities:				
Additional Borrowing	-	5,442,708	-	5,442,708
Repayment of Borrowing	-31,250,000	-	-	-31,250,000
Non-cash financing activities				
Conversion to Equity	-	-	-	-
Balance, December 31, 2023	<u>P 593,750,000</u>	<u>P 11,484,964</u>	<u>P 10,280,483</u>	<u>P 615,515,447</u>

2022

	Loans Payable (Note 14)	Interest Payable (Note 12, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2022	P 625,000,000	P 7,517,486	P 54,798,338	P 687,315,824
Cash flow from Financing Activities:				
Additional Borrowing	-	31,964,747	10,280,483	42,245,230
Repayment of Borrowing	-	(33,439,977)	(54,798,338)	(88,238,315)
Non-cash financing activities				
Conversion to Equity	-	-	-	-
Balance, December 31, 2022	<u>P 625,000,000</u>	<u>P 6,042,256</u>	<u>P 10,280,483</u>	<u>P 641,322,739</u>

NOTE 29 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT

	Tax Base	Amount
VATable sales	₱ 90,175,464	₱ 10,821,056
Exempt sales	310,286,611	-
	₱ 400,462,075	₱ 10,821,056

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(b) Input VAT

	Purchases	Input VAT
Balance at beginning of year	₱	₱ 888,577
Goods other than capitals goods	84,770,975	10,172,517
Capital goods subject to amortization	-	
Services lodged under other accounts	-	
Total available input VAT		11,061,094
Allocable to exempt sales		(182,423)
Applied against output VAT		(10,821,056)
		₱ 57,615

(a) Taxes and Licenses for 2024

Taxes and licenses for 2024 consist of:

	Amount
Real property tax	₱ 2,707,237
Licenses and business permits	2,431,078
Others	66,915
	₱ 5,205,230

The amounts of taxes and licenses shown above are included under the general and administrative expenses in the statements of comprehensive income (loss).

(b) Withholding Taxes for 2024

Withholding taxes paid and accrued during the year is as follows:

	Amount
Compensation and employee benefits	₱ 609,013
Expanded	8,633,027
	₱ 9,242,040

(c) Tax Assessments and Cases

The Company has no pending examination with the Bureau of Internal Revenue as of reporting period.

(d) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2024, 2023 and 2022

Current Ratio

	2024	2023	2022
Total current assets	P 182,396,817	P 57,622,950	P 51,113,456
Total current liabilities	275,500,448	124,273,621	109,268,092
Current ratio	<u>0.662:1</u>	<u>0.464:1</u>	<u>0.468:1</u>

Quick Ratio

	2024	2023	2022
Total liquid asset	P 154,317,662	P 30,415,311	P 27,824,360
Total current liabilities	275,500,448	124,273,621	109,268,092
Quick ratio	<u>0.56:1</u>	<u>0.245:1</u>	<u>0.255:1</u>

Working Capital to Total Asset

	2024	2023	2022
Working capital	P (93,103,631)	P (66,650,671)	P (58,154,636)
Total assets	1,160,905,038	1,053,870,330	1,053,900,962
Working capital ratio	<u>-0.08:1</u>	<u>-0.063:1</u>	<u>-0.055:1</u>

Solvency Ratio

	2024	2023	2022
Net income (loss) after tax + Depreciation	P 50,144,583	P 19,816,736	P (9,298,696)
Total liabilities	775,500,448	686,773,621	703,018,092
Solvency ratio	<u>0.065:1</u>	<u>0.029:1</u>	<u>-0.013:1</u>

Debt-to-equity Ratio

	2024	2023	2022
Total liabilities	P 775,500,448	P 686,773,621	P 703,018,092
Total equity	385,404,590	367,096,709	350,882,870
Debt-to-equity ratio	<u>2.012:1</u>	<u>1.871:1</u>	<u>2.004:1</u>

Asset-to-equity Ratio

	2024	2023	2022
Total assets	P 1,160,905,038	P 1,053,870,330	P 1,053,900,962
Total equity	385,404,590	367,096,709	350,882,870
Asset to equity ratio	<u>3.012:1</u>	<u>2.871:1</u>	<u>3.004:1</u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2024, 2023 and 2022

Interest Rate Coverage Ratio

	2024	2023	2022
Pre-tax profit (loss) before interest	P 54,334,527	P 30,663,394	P (23,970,507)
Interest	43,511,702	37,014,323	18,893,308
Interest rate ratio	<u>1.249:1</u>	<u>0.828:1</u>	<u>-1.269:1</u>

Profitability Ratios

	2024	2023	2022
Net profit (loss) after tax	P 6,632,881	P (4,761,161)	P (33,120,968)
Total equity	385,404,590	367,096,709	350,882,870
	<u>0.017:1</u>	<u>-0.013:1</u>	<u>-0.094:1</u>

a.) Return on asset ratio

	2024	2023	2022
Net income (loss) after tax	P 6,632,881	P (4,761,161)	P (33,120,968)
Average assets	1,107,387,684	1,053,885,646	1,026,023,433
	<u>0.006:1</u>	<u>-0.005:1</u>	<u>-0.032:1</u>

b.) Return on equity ratio

	2024	2023	2022
Net profit (loss) after tax	P 6,632,881	P (4,761,161)	P (33,120,968)
Average equity	376,250,649	358,989,789	284,561,354
	<u>0.018:1</u>	<u>-0.013:1</u>	<u>-0.116:1</u>

c.) Gross Profit Margin Ratio

	2024	2023	2022
Net profit (loss) before tax	P 10,822,825	P (6,350,929)	P (42,863,815)
Gross profit (loss)	130,259,421	70,887,057	28,710,934
	<u>0.083:1</u>	<u>-0.09:1</u>	<u>-1.493:1</u>

d.) Net Profit Margin

	2024	2023	2022
Net profit (loss) after tax	P 6,632,881	P (4,761,161)	P (33,120,968)
Revenue	381,120,184	273,689,741	183,890,792
	<u>0.017:1</u>	<u>-0.017:1</u>	<u>-0.18:1</u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Metropolitan Bank and Trust Company	P 6,245,833	P 6,245,833	P -
Development Bank of the Philippines	4,133,208	4,133,208	5,940
Bank of Philippine Islands	1,094,441	1,094,441	383
Landbank of the Philippines	320,902	320,902	
	P 11,794,384	P 11,794,384	P 6,323

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

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Alcanzare, Eva	P 10,092	-	-	-	-	-	P 10,092
Andes, Romina	220	-	-	-	-	-	220
Bacay, Greycell	4,200	-	-	-	-	-	4,200
Calvo, Redjan	1,072	-	-	-	-	-	1,072
Catigbe, Bianca	3,186	-	-	-	-	-	3,186
Lobaton, Hannah Joy	4,405	-	-	-	-	-	4,405
Marañon, Jeddah	152	-	-	-	-	-	152
Millave, King Erick	2,316	-	-	-	-	-	2,316
Miñano, Dian Lou	8,030	-	-	-	-	-	8,030
Mohamad, Joel	4,000	-	-	-	-	-	4,000
Pacague, Katherine	14,041	-	-	-	-	-	14,041
Palay, Arlene	22,395	-	-	-	-	-	22,395
Patacsil, Ed Angela	7,821	-	-	-	-	-	7,821
Servando, Rizza	4,186	-	-	-	-	-	4,186
	P 86,116	-	-	-	-	-	P 86,116

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
NA	NA	NA	NA	NA	NA	NA	NA

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
NA	NA	NA	NA	NA	NA	NA

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Promissory Note/ Bank loan payable in single sum.	P562,500,000	P-	P562,500,000 5.5% - 6% interest, 40 quarterly installments, November 4, 2031

Schedule F. Indebtedness to Related Parties (Current)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholder	P10,280,483	P 80,560,523

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule G. 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 (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet Caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Founders' Common Preferred	600 239,400 -	600 219,380 -	- - -	- - -	230 77,970 -	- - -
Total	240,000	219,980	-	-	78,200	-

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2024

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan

Unappropriated Retained Earnings, beginning of reporting period	(P65,642,291)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
• Reversal of Retained Earnings Appropriation/s	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	<hr/>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
• Dividends declaration during the reporting period	-
• Retained Earnings appropriated during the reporting period	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	<hr/>
Unappropriated Retained Earnings, as asjusted	(65,642,291)
Add/Less: Net Income (Loss) for the current year	<u>6,632,881</u>
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
• Equity in net income of associate/joint venture, net of dividends declared	-
• Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	
• Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	
• Unrealized fair value gain of Investment Property	-
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	<hr/>
	<hr/>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
• Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Realized fair value gain of Investment Property	-
• Other realized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	<hr/>
	<hr/>

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2024

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan

Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
• Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
• Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Reversal of previously recorded fair value gain of Investment	-
• Reversal of other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	-
Adjusted Net Income (Loss)	6,632,881
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
• Depreciation on revaluation increment (after tax)	-
• Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by SEC and BSP	
• Amortization of the effect of reporting relief	-
• Total amount of reporting relief granted during the year	-
• Others	-
• Sub-total	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
• Net movement of treasury shares (except for reacquisition of redeemable shares)	-
• Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
• Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
• Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
• Others	-
• Sub-total	-
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION	nil