

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

**FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023**

and

Report of Independent Auditors



ACE MEDICAL CENTER PALAWAN
 South National Highway Brgy. San Pedro
 Puerto Princesa City Palawan 5300

**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, 2025, 2024 and 2023, in accordance with Philippine Financial Reporting Standards (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 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.

PEREZ, SESE, VILLA & CO., the independent auditor appointed by the has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, has 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 226-467-624

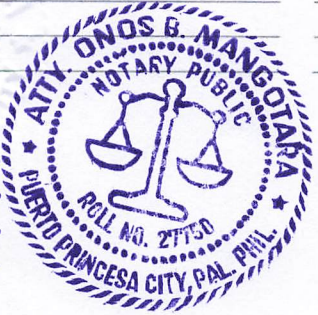
SHEREIL DELOS SANTOS-PABLICO
 Treasurer 944-091-359

Signed this 13th day of March 2026.

PUERTO PRINCESA CITY SUBSCRIBED AND SWORN to before me, a Notary Public for and in the Philippines, this MAR 17 2026 at PUERTO PRINCESA CITY, Philippines, this MAR 17 2026 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

Doc. No. 361
 Page No. 74
 Book No. XII
 Series of 20 26





ATTY. ONOS B. MANGOTARA
 NOTARY PUBLIC FOR CITY OF PUERTO PRINCESA
 ABORLAN, NARWA, AGINGAYA, COYO, MAGSAYSAY, PAL.
 ROLL NO. 27750/NPL NO. 2026-08, UNTIL DEC. 31, 2027
 IBP NO. INVS60004/NOVEMBER 23, 2025
 PTR NO. 2503069, JANUARY 5, 2026
 MCLE COMPLIANCE NO. VII-000968/04.14.2026
 CRB BLDG. LACAO ST., BRGY. MANINGNING, PPC.
 Email: onosbmangotara@gmail.com



PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

 admin@psv-co.com

 (02) 8 994-3984

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

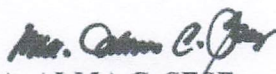
SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

**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, 2025, on which we have rendered the attached report dated March 13, 2026.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty-six (56) shareholders owning one hundred (100) or more shares of the Company's capital stock as of December 31, 2025, 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. 0368867, Issued on January 08, 2026, Manila City

SEC Accreditation No.

Partner - 0054588-SEC Group B, Issued on December 01, 2022.

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

Firm - 0222-SEC Group B, Issued on December 01, 2022

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

IC Accreditation No.

Partner - IC-EA-2025-0041-R Group B, Issued on January 19, 2026

valid for three (3) years covering the audit from 2025 to 2027 Financial Statements

BOA/PRC Accreditation No. 0222, Issued on September 13, 2023

valid until October 12, 2026

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

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

Manila, Philippines
March 13, 2026




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, 2025 and have issued our report thereon dated March 13, 2026. 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

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

Manila, Philippines
March 13, 2026



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, 2025, 2024 and 2023, 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, 2025, 2024 and 2023, 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, 2025 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

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valid until October 12, 2026

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

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

Manila, Philippines

March 13, 2026

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2025, 2024 and 2023

	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>				
Current Assets				
Cash	<i>4.5.6</i>	P 51,519,156	P 12,985,567	P 8,685,227
Trade and other receivables	<i>4.5.7</i>	98,128,202	141,332,095	21,730,084
Inventories	<i>4.8</i>	20,259,500	23,690,554	19,257,990
Prepayments and other current assets	<i>4.9</i>	<u>11,654,672</u>	<u>4,388,601</u>	<u>7,949,649</u>
Total Current Assets		<u>181,561,530</u>	<u>182,396,817</u>	<u>57,622,950</u>
Non-Current Assets				
Property and equipment	<i>4.5.10</i>	934,441,366	958,177,143	974,059,309
Intangible asset	<i>4.5.11</i>	373,333	653,333	933,333
Deferred tax asset	<i>4.22</i>	<u>18,565,307</u>	<u>19,677,745</u>	<u>21,254,738</u>
Total Non-Current Assets		<u>953,380,006</u>	<u>978,508,221</u>	<u>996,247,380</u>
TOTAL ASSETS		<u>P 1,134,941,536</u>	<u>P 1,160,905,038</u>	<u>P 1,053,870,330</u>
<u>LIABILITIES AND EQUITY</u>				
Current Liabilities				
Trade and other payables	<i>4.12</i>	P 118,139,791	P 122,303,833	P 79,629,509
Loans payable - current	<i>4.14</i>	62,500,000	62,500,000	31,250,000
Income tax payable	<i>4.22</i>	1,518,411	1,312,110	-
Other current liabilities	<i>4.13</i>	3,005,196	8,823,982	3,113,629
Advances from related parties	<i>4.21</i>	<u>102,855,015</u>	<u>80,560,523</u>	<u>10,280,483</u>
Total Current Liabilities		<u>288,018,413</u>	<u>275,500,448</u>	<u>124,273,621</u>
Non-Current Liabilities				
Loans payable - non current	<i>4.14</i>	<u>437,500,000</u>	<u>500,000,000</u>	<u>562,500,000</u>
Total Liabilities		<u>725,518,413</u>	<u>775,500,448</u>	<u>686,773,621</u>
Equity				
Share capital	<i>4.15</i>	220,430,000	219,980,000	219,430,000
Share premium	<i>4.15</i>	233,710,606	224,434,000	213,309,000
Accumulated deficits	<i>4</i>	<u>(44,717,483)</u>	<u>(59,009,410)</u>	<u>(65,642,291)</u>
Equity, net		<u>409,423,123</u>	<u>385,404,590</u>	<u>367,096,709</u>
TOTAL LIABILITIES AND EQUITY		<u>P 1,134,941,536</u>	<u>P 1,160,905,038</u>	<u>P 1,053,870,330</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, 2025, 2024 and 2023

	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUE	4.16	P 518,370,960	P 381,120,184	P 273,689,741
COST OF SALES AND SERVICES	4.17	<u>(337,591,799)</u>	<u>(250,860,763)</u>	<u>(202,802,684)</u>
GROSS PROFIT		180,779,161	130,259,421	70,887,057
OTHER INCOME	4.19	<u>1,982,693</u>	<u>486,898</u>	<u>1,600,067</u>
GROSS INCOME		182,761,854	130,746,319	72,487,124
OPERATING EXPENSES	4.18	(118,239,952)	(76,411,792)	(41,823,730)
FINANCE COST		<u>(45,462,742)</u>	<u>(43,511,702)</u>	<u>(37,014,323)</u>
INCOME (LOSS) BEFORE TAX		<u>19,059,160</u>	<u>10,822,825</u>	<u>(6,350,929)</u>
INCOME TAX EXPENSE (BENEFIT)	4.22			
Current		3,654,794	2,612,951	1,087,144
Deferred		<u>1,112,439</u>	<u>1,576,993</u>	<u>(2,676,912)</u>
		<u>4,767,233</u>	<u>4,189,944</u>	<u>(1,589,768)</u>
INCOME (LOSS) FOR THE YEAR		14,291,927	6,632,881	(4,761,161)
COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>P 14,291,927</u>	<u>P 6,632,881</u>	<u>P (4,761,161)</u>
BASIC EARNINGS (LOSS) PER SHARE	23	<u>P 64.84</u>	<u>P 30.15</u>	<u>P (21.70)</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, 2025, 2024 and 2023

	<i>Notes</i>	2025	2024	2023
SHARE CAPITAL	4,15			
Balance, beginning of the year		P 219,980,000	P 219,430,000	P 218,600,000
Issuance of shares		<u>450,000</u>	<u>550,000</u>	<u>830,000</u>
Balance, end of the year		<u>220,430,000</u>	<u>219,980,000</u>	<u>219,430,000</u>
SHARE PREMIUM	4,15			
Balance, beginning of the year		P 224,434,000	P 213,309,000	P 193,164,000
Issuance of shares		<u>9,276,606</u>	<u>11,125,000</u>	<u>20,145,000</u>
Balance, end of the year		<u>233,710,606</u>	<u>224,434,000</u>	<u>213,309,000</u>
ACCUMULATED DEFICITS	4			
Balance, beginning of the year		(59,009,410)	(65,642,291)	(60,881,130)
Income (loss) for the year		<u>14,291,927</u>	<u>6,632,881</u>	<u>(4,761,161)</u>
Balance, end of the year		<u>(44,717,483)</u>	<u>(59,009,410)</u>	<u>(65,642,291)</u>
EQUITY, net		<u><u>P 409,423,123</u></u>	<u><u>P 385,404,590</u></u>	<u><u>P 367,096,709</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, 2025, 2024 and 2023

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the year	P	19,059,160	P 10,822,825	P (6,350,929)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Interest income	4,19	(22,174)	(6,323)	(10,857)
Interest expense		45,462,742	43,511,702	37,014,323
Depreciation	4,10,20	35,178,103	36,580,746	24,577,897
Amortization		280,000	280,000	280,000
Operating income before changes in working capital		99,957,830	91,188,950	55,510,434
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,5,7	43,203,893	(119,602,011)	(4,346,017)
Inventories	4,8	3,431,054	(4,432,564)	756,244
Prepayments and other current assets	4,9	(7,266,071)	3,561,047	(5,761,931)
Increase (decrease) in:				
Trade and other payables	4,12	(3,607,745)	48,759,125	14,986,096
Other current liabilities	4,13	(5,818,786)	5,710,353	19,433
Cash provided by operation		129,900,175	25,184,900	61,164,259
Interest received	4,19	22,174	6,323	10,857
Income tax paid		(3,448,494)	(1,300,841)	-
Net cash provided by operating activities		126,473,855	23,890,382	61,175,116
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,10	(11,442,326)	(20,698,580)	(15,640,859)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,15	9,726,606	11,675,000	20,975,000
Payment of loan	4,15	(62,500,000)	(31,250,000)	(31,250,000)
Proceeds from advances from related parties	4,21	22,294,492	70,280,040	-
Interest expense paid	4,11,15	(46,019,039)	(49,596,502)	(37,014,323)
Net cash (used in) provided by financing activities		(76,497,941)	1,108,538	(47,289,323)
NET INCREASE (DECREASE) IN CASH		38,533,589	4,300,340	(1,755,066)
CASH AT THE BEGINNING OF THE YEAR		12,985,567	8,685,227	10,440,293
CASH AT THE END OF THE YEAR	P	51,519,156	P 12,985,567	P 8,685,227

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER -
PALAWAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 and 2023**

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 Securities and Exchange Commission (SEC) En Banc, through SEC MSRD Order No. 14, Series of 2021, approved the registration statement of the Company covering a total of 240,000 shares. These consist of 36,000 common shares to be offered to the public through an Initial Public Offering (IPO), equivalent to 3,600 blocks of 10 shares per block, at an offer price ranging from P150,000 to P600,000 per block, with an aggregate principal amount of up to Nine Hundred Ninety-Nine Million Nine Hundred Thousand Pesos (P999,900,000).

The registered shares also include 600 founders' shares and 203,400 common shares, which are not included in the public offering.

Following the approval of the registration statement, the shares may be offered and sold to the public subject to compliance with the Securities Regulation Code, its Amended Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other applicable rules and regulations issued by the SEC.

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, 2025 including its comparative figures for the years ended December 31, 2024 and 2023 were approved and authorized for issue by the Board of Directors on March 13, 2026.

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.

Basis of Preparation and Measurement

The Company has prepared the financial statements as at and for the year ended December 31, 2025 and 2024 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 Judgments 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 Company adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

Adoption of Amended Standards Effective Beginning on or after January 1, 2025:

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

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

- Amendments to PAS 21, *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.

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

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective:

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial

statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

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

- 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 derecognize 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 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 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 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 preliminary assessment, the management believes that the adoption of PFRS 18 will not affect total profit or equity of the Company. However, the adoption may affect the subtotals and performance measures presented in the statement of comprehensive income. The Company is continuously evaluating the full impact of this new standard on its financial statements.

- *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.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

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.

- *Amendments to PAS 21. Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

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 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 FSRSC 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 - 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 Assets and Liabilities

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

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVTPL, includes transaction costs.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss.

In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

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, 2025, 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. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets

As at December 31, 2025, 2024 and 2023, the Company's cash and trade and other receivables account are classified under this category (Note 6 and 7).

Cash

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.

At the end of each reporting date, the amounts of receivable are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the Company's statements of comprehensive income. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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 them. 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) 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.

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, 2025, 2024 and 2023, 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).

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.

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 represent payments made in advance to contractors for construction or other services and to suppliers for the purchase of materials and equipment. These advances are initially measured at cost and are subsequently applied against the related progress billings of contractors or upon receipt of goods from suppliers.

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

Bank loans are recognized initially at the transaction price, which is the fair value of the consideration received, net of directly attributable transaction costs, if any.

Subsequent to initial recognition, bank loans are measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss over the term of the loan based on the applicable interest rate.

Borrowings are classified as current liabilities when they are due to be settled within twelve (12) months after the reporting date, or when the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting date. All other borrowings are classified as non-current liabilities.

Other Current Liabilities

Other current liabilities consist primarily of government taxes payable and statutory payables, including obligations to government agencies arising in the ordinary course of business.

These liabilities are recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Other current liabilities are presented in the statement of financial position at their undiscounted amounts, as they are generally expected to be settled within one year.

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

Hospital revenue represents income derived from the provision of primary healthcare and medical services. Revenue is recognized over time as the services are rendered, since the patient simultaneously receives and consumes the benefits provided by the Company as the performance obligation is satisfied.

Amounts collected on behalf of third parties are excluded from revenue. Professional fees of doctors collected from patients on behalf of the physicians are recognized as a liability and subsequently remitted to the respective doctors; accordingly, these amounts are not recognized as part of hospital revenue.

Sale of Drugs and Medicines

Revenue from the sale of drugs and medicines is recognized at a point in time when control of the goods is transferred to the customer, generally upon dispensing or delivery of the medicines to the patient or customer.

Rental Income

Rental income arising from operating leases of investment properties is recognized on a straight-line basis over the lease term. Contingent rental income, if any, is recognized as revenue in the period in which it is earned.

Other Income

Other income includes revenues from cafeteria operations and other ancillary services. Revenue from these activities is recognized over time as the related goods or services are provided and the customer simultaneously receives and consumes the benefits.

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 during the accounting period in the form of outflows or depletion of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity holders.

Expenses are generally recognized in profit or loss in the period in which the related goods or services are received or when the obligation is incurred.

Cost of Sales and Services

Cost of sales and services represent the direct costs attributable to the sale of goods and the rendering of services. These costs are recognized in profit or loss in the same period in which the related revenues are recognized.

Operating Expenses

Operating expenses consist of selling and general and administrative expenses incurred in the normal course of business.

Selling expenses include costs directly related to marketing, promotion, and distribution of goods and services to customers.

General and administrative expenses include costs associated with the overall administration and management of the Company's operations. These include, among others, directors' allowances, employees' salaries and benefits, transportation and travel, meetings and conferences, advertising and promotions, professional fees, taxes and licenses, office supplies, communication, light and water, repairs and maintenance, bank charges, insurance, representation, interest expense, fines and penalties, and other miscellaneous administrative expenses.

Borrowing Costs

Borrowing costs consist of interest and other costs incurred by the Company in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when expenditures for the assets are being incurred, borrowing costs are being incurred, and activities necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale.

Any investment 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 as expense 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 provides retirement benefits to qualified employees in accordance with Republic Act No. 7641 (Retirement Pay Law). The retirement benefit obligation is computed based on the employees' current salary multiplied by their years of service, consistent with the minimum retirement benefit prescribed under the law.

The Company does not maintain a formal retirement plan and has not engaged an independent actuary to perform an actuarial valuation. Considering the limited number of employees covered by the benefit, management estimated the retirement benefit liability using a simplified method based on current salary levels and years of service of employees expected to qualify for retirement benefits. Management believes that this method provides a reasonable estimate of the retirement benefit obligation.

Management will reassess the need to obtain an actuarial valuation in the future should the number of employees increase or the retirement benefit obligation become significant.

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the investee that gives them significant influence over the Company and close members of the family of any such individual; and (d) the Company's funded retirement plan.

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 periods(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 (PFRS) Accounting 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 2025, 2024 or 2023.

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 25.

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, 2025 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>2025</u>	<u>2024</u>	<u>2023</u>
Cash on hand	P 3,796,645	P 1,191,183	P -
Cash in banks	47,722,511	11,794,384	8,685,227
	<u>P 51,519,156</u>	<u>P 12,985,567</u>	<u>P 8,685,227</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 P22,174, P6,323 and P10,857 for the years 2025, 2024 and 2023, respectively (Note 19).

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Trade receivables	₱ 140,587,379	₱ 144,721,840	₱ 25,443,892
Advances to employees	394,368	573,865	342,265
Others	-	220,000	220,000
	140,981,747	145,515,705	26,006,157
Allowance for credit losses	(42,853,545)	(4,183,610)	(4,276,073)
	₱ 98,128,202	₱ 141,332,095	₱ 21,730,084

Trade and other receivables consist primarily of trade receivables, advances to employees, and other receivables.

Trade receivables pertain to amounts due from patients for hospital and medical services rendered, including reimbursements from healthcare and government institutions such as Health Maintenance Organizations (HMOs), the Philippine Charity Sweepstakes Office (PCSO), the Philippine Social Welfare Department (PSWD), the Department of Social Welfare and Development (DSWD), and PhilHealth for services availed of by patients.

Advances to employees represent amounts granted to employees which are recoverable through salary deductions over an agreed repayment period.

Other receivables consist mainly of amounts due from the rental of hospital spaces, including research offices and the hospital cafeteria, and other miscellaneous receivables arising from the Company's operations.

Trade and other receivables are initially recognized at transaction price and subsequently measured at amortized cost, net of any allowance for expected credit losses.

The Company applies the expected credit loss (ECL) model in measuring impairment of financial assets measured at amortized cost. In estimating expected credit losses, the Company considers historical credit loss experience, current conditions, and forward-looking information that may affect the collectability of receivables.

Trade receivables are assessed collectively based on shared credit risk characteristics and the aging profile of the receivables. Advances to employees and other receivables are evaluated individually or collectively depending on the nature and credit risk characteristics of the receivables.

The allowance for expected credit losses is reviewed at each reporting date and adjusted to reflect changes in credit risk and forward-looking economic factors that may affect the recoverability of receivables.

The Company recognized provision for expected credit losses amounting to ₱38,669,935 in 2025, ₱nil in 2024 and ₱2,766,371 in 2023, which is presented as part of operating expenses in the statements of comprehensive income.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2025, 2024 and 2023 is presented below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance at January 1	P 4,183,610	P 4,276,073	P 1,509,702
Provision for expected Credit losses	38,669,935	-	2,766,371
Recoveries	-	(92,463)	-
Balance, December 31	<u>P 42,853,545</u>	<u>P 4,183,610</u>	<u>P 4,276,073</u>

NOTE 8 - INVENTORIES

This account consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Hospital supplies	P 1,861,204	P 11,330,190	P 2,804,732
Pharmacy supplies	12,326,205	7,636,968	10,308,432
Laboratory supplies	5,022,276	4,280,063	5,878,534
Dietary supplies	1,049,815	443,333	266,292
	<u>P 20,259,500</u>	<u>P 23,690,554</u>	<u>P 19,257,990</u>

Inventories consist mainly of pharmacy, laboratory, and hospital supplies, which include medicines and medical supplies administered or used in the treatment and care of patients.

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the [insert method – usually first-in, first-out (FIFO) or moving average] method and includes all costs incurred in bringing the inventories to their present location and condition.

The cost of inventories recognized as expense and charged to cost of sales and services during the year amounted to P286,984,976 in 2025, P204,015,805 in 2024 and P176,346,035 in 2023.

No portion of the Company's inventories was pledged as security for any liability as of December 31, 2025, 2024 and 2023.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Prepaid expenses	P 1,000,421	P 1,000,421	P 1,000,421
Input tax	10,504,043	2,808,004	3,879,005
Prepaid supplies	150,208	580,176	2,960,715
Prepaid income tax (Note 22)	-	-	109,508
	<u>P 11,654,672</u>	<u>P 4,388,601</u>	<u>P 7,949,649</u>

Prepayments and other current assets consist mainly of prepaid expenses, input taxes, unused supplies, and prepaid income taxes, which are expected to be realized or utilized within one year from the reporting date.

Prepaid Expenses represent payments made in advance for goods and services to be received in future periods, such as insurance, rent, and maintenance contracts. These are initially recognized at

cost and subsequently amortized or recognized as expense over the period to which the benefits relate.

Input Taxes pertain to value-added taxes paid on purchases of goods and services that are creditable against future output value-added taxes in accordance with applicable tax regulations.

Prepaid Supplies represent office and medical supplies purchased at the reporting date which are expected to be received in the succeeding period.

Prepaid Income Taxes represent creditable withholding taxes and other advance payments of income tax that may be applied against future income tax liabilities of the Company.

NOTE 10 - PROPERTY AND EQUIPMENT - net

A reconciliation in the carrying amounts at the beginning and end of year 2025, 2024 and 2023 of property and equipment is shown below:

2025

	Land	Hospital Building	Transportation Equipment	Subtotal
Costs				
January 1, 2025	P 50,273,850	P 842,691,264	P 2,002,470	P 894,967,584
Additions	-	-	84,200	84,200
Disposal	-	-	-	-
Reclassification	-	-	-	-
December 31, 2025	<u>50,273,850</u>	<u>842,691,264</u>	<u>2,086,670</u>	<u>895,051,784</u>
Accumulated depreciation				
January 1, 2025	-	42,836,576	668,066	43,504,642
Depreciation	-	17,596,825	207,696	17,804,521
Disposal	-	-	-	-
December 31, 2025	<u>-</u>	<u>60,433,401</u>	<u>875,762</u>	<u>61,309,163</u>
Carrying amount December 31, 2025	<u>P 50,273,850</u>	<u>P 782,257,863</u>	<u>P 1,210,908</u>	<u>P 833,742,621</u>

Continuation

	Subtotal	Medical Equipment	Office Furniture and	Other Equipment	Total
Costs					
January 1, 2025	P 894,967,584	125,688,123	25,057,937	1,286,694	1,047,000,338
Additions	84,200	9,872,119	1,416,845	69,162	11,442,326
Disposal	-	-	-	-	-
December 31, 2025	<u>895,051,784</u>	<u>135,560,242</u>	<u>26,474,782</u>	<u>1,355,856</u>	<u>1,058,442,664</u>
Accumulated depreciation					
January 1, 2025	43,504,642	36,369,901	7,933,658	1,014,994	88,823,195
Depreciation	17,804,521	13,967,599	3,281,216	124,767	35,178,103
Disposal	-	-	-	-	-
December 31, 2025	<u>61,309,163</u>	<u>50,337,500</u>	<u>11,214,874</u>	<u>1,139,761</u>	<u>124,001,298</u>
Carrying amount December 31, 2025	<u>P 833,742,621</u>	<u>85,222,742</u>	<u>15,259,908</u>	<u>216,095</u>	<u>934,441,366</u>

2024

	Land	Hospital Building	Transportation Equipment	Subtotal
Costs				
January 1, 2024	P 50,273.850	P 841,091,264	P 2,002,470	P 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>P 50,273,850</u>	<u>P 799,854,688</u>	<u>P 1,334,404</u>	<u>P 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	<u>894,967,584</u>	<u>125,688,123</u>	<u>25,057,937</u>	<u>1,286,694</u>	<u>1,047,000,338</u>
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	<u>43,504,642</u>	<u>36,369,901</u>	<u>7,933,658</u>	<u>1,014,994</u>	<u>88,823,195</u>
Carrying amount					
December 31, 2024	<u>P 851,462,942</u>	<u>P 89,318,222</u>	<u>P 17,124,279</u>	<u>P 271,700</u>	<u>P 958,177,143</u>

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	<u>50,273.850</u>	<u>841,091,264</u>	<u>2,002,470</u>	<u>893,367,584</u>
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	<u>-</u>	<u>25,106,418</u>	<u>467,387</u>	<u>25,573,805</u>
Carrying amount				
December 31, 2023	<u>P 50,273,850</u>	<u>P 815,984,846</u>	<u>P 1,535,083</u>	<u>P 867,793,779</u>

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2023	₱ 880,735,568	₱ 113,047,189	₱ 15,598,448	₱ 1,279,694	₱ 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>₱ 867,793,779</u>	<u>₱ 94,028,125</u>	<u>₱ 11,695,405</u>	<u>₱ 542,000</u>	<u>₱ 974,059,309</u>

Depreciation expenses amounted to ₱35,178,103 for the year 2025, ₱36,580,746 for the year 2024 and ₱24,577,897 for the year 2023. These are presented in the statements of comprehensive income (loss) as follows:

	2025	2024	2023
Cost of sales and services (Note 17)	₱ 28,707,197	₱ 28,526,120	₱ 19,717,091
Operating expenses (Note 18)	<u>6,470,906</u>	<u>8,054,626</u>	<u>4,860,806</u>
Total	<u>₱ 35,178,103</u>	<u>₱ 36,580,746</u>	<u>₱ 24,577,897</u>

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset.

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

Land is not depreciated. Depreciation commences when the asset is available for its intended use.

The Company acquired six (6) parcels of land with a total lot area of 7,051 square meters, located in Tiniguiban, Puerto Princesa City, Palawan, which serve as the site for the Company's hospital building and related facilities.

The construction of the hospital facility was completed in the second quarter of 2022. Upon completion, the accumulated construction costs amounting to ₱810,850,758 were reclassified from Construction-in-Progress to Hospital Building.

The Company commenced partial hospital operations in the second quarter of 2022. In accordance with PAS 23, borrowing costs directly attributable to the construction of the hospital facility were capitalized as part of the cost of the qualifying asset during the construction period.

The Company's land, hospital building, and related improvements, including construction-in-progress during the construction period, were pledged as collateral for the Company's bank loan (Note 14).

The carrying value of the land and buildings and improvements used as collateral amounted to ₱832,531,713, ₱850,128,538, and ₱866,258,696 as of December 31, 2025, 2024, and 2023, respectively.

NOTE 11 - INTANGIBLE ASSET

A reconciliation of the carrying amounts at the beginning and end of 2025, 2024 and 2023 of intangible asset is shown below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost			
Balance, beginning of the year	₱ 1,400,000	₱ 1,400,000	₱ 1,400,000
Additions	-	-	-
Disposal	-	-	-
Balance, end of the year	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
Accumulated Amortization			
Balance, beginning of the year	746,667	466,667	186,667
Amortization	280,000	280,000	280,000
Disposal	-	-	-
Balance at end of year	<u>1,026,667</u>	<u>746,667</u>	<u>466,667</u>
Carrying amount	<u>₱ 373,333</u>	<u>₱ 653,333</u>	<u>₱ 933,333</u>

Intangible assets consist primarily of the Hospital Information System (HIS) acquired by the Company to support its hospital operations, including patient information management, billing, medical records processing, and other administrative and operational functions.

Intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. The cost of the Hospital Information System includes the purchase price and other directly attributable costs necessary to bring the asset to its intended use.

Amortization is computed using the straight-line method over the estimated useful life of five (5) years, reflecting the pattern in which the future economic benefits of the asset are expected to be consumed by the Company. Amortization commences when the system becomes available for use and is recognized as part of operating expenses in the statements of comprehensive income.

Amortization expense charged to operations amounted to ₱280,000 for the years ended December 31, 2025, 2024, and 2023.

The estimated useful life, amortization method, and residual value of the intangible asset are reviewed at least annually and adjusted prospectively, if appropriate.

As of December 31, 2025, the Hospital Information System has a remaining useful life of two (2) years, three (3) years as of December 31, 2024, and four (4) years as of December 31, 2023.

Management expects that the system will continue to support hospital operations and provide economic benefits to the Company throughout its remaining useful life.

The Company assesses at each reporting date whether there are indicators that the intangible asset may be impaired. If such indicators exist, the Company estimates the recoverable amount of the asset in accordance with PAS 36.

Based on management's assessment, no impairment loss was recognized on the Hospital Information System for the years ended December 31, 2025, 2024 and 2023, as the recoverable amount of the asset exceeds its carrying value.

NOTE 12 - TRADE AND OTHER PAYABLES

This account consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Trade payables	₱ 97,887,440	₱ 91,422,431	₱ 45,458,447
Retention payable	13,919,237	23,885,652	15,741,294
Accrued interest payable	4,843,867	5,400,164	11,484,964
Accrued expenses	1,489,247	1,595,586	6,944,804
	<u>₱ 118,139,791</u>	<u>₱ 122,303,833</u>	<u>₱ 79,629,509</u>

Trade and other payables consist of trade payables, retention payable, accrued interest payable, and other accrued expenses.

Trade payables represent unpaid balances arising from contractors' progress billings, purchases of medical and hospital equipment and supplies, and professional fees payable to doctors. These payables are non-interest bearing and are generally payable within 30 to 60 days.

Retention payable represents amounts retained by the Company from contractors' progress billings in accordance with the terms of the construction contracts. These amounts are payable upon completion of the project and acceptance of the contractor's work by the Company, subject to the terms and conditions of the construction agreement.

Accrued interest payable represents interest accrued on the Company's bank loans and interest-bearing advances from shareholders as of the reporting date.

Accrued expenses represent liabilities for expenses incurred but not yet billed or paid as of the reporting date. These include, among others, communication expenses, utilities (light and water), professional fees, security services, housekeeping services, and employee-related benefits.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost. Due to their short-term nature, the carrying amounts of these liabilities approximate their fair values.

NOTE 13 - OTHER CURRENT LIABILITIES

This account consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Withholding taxes payable	₱ 1,446,292	₱ 7,602,883	₱ 1,164,467
SSS, PHIC and HDMF Payables	1,440,904	1,103,099	1,831,162
Documentary stamp tax payable	118,000	118,000	118,000
	<u>₱ 3,005,196</u>	<u>₱ 8,823,982</u>	<u>₱ 3,113,629</u>

NOTE 14 - LOANS PAYABLE

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current	P 62,500,000	P 62,500,000	P 31,250,000
Non-current	437,500,000	500,000,000	562,500,000
Total	<u>P 500,000,000</u>	<u>P 562,500,000</u>	<u>P 593,750,000</u>

Development Bank of the Philippines

The Company entered into a Term Loan Agreement with the Development Bank of the Philippines (DBP) amounting to P625,000,000, which was fully released in 2021.

The loan is payable over a twelve (12)-year period, inclusive of a two (2)-year grace period on principal repayment. The principal shall be repaid in forty (40) quarterly amortizations, commencing at the end of the ninth (9th) quarter from the date of the initial loan release, until fully paid.

The loan bears interest at DBP's prevailing rate at the time of loan release, ranging from 5% to 6% per annum, subject to quarterly repricing. Interest is payable quarterly, commencing at the end of the first quarter following the initial loan release.

As of December 31, 2025, 2024 and 2023, the outstanding principal balance of the loan amounted to P500,000,000, P562,500,000 and P593,750,000, respectively.

The proceeds of the loan were used to finance the construction of an eight (8)-storey Level 2 hospital building with basement parking, located along National Highway, San Pedro, Puerto Princesa City, Palawan, with an authorized capacity of 120 hospital beds.

The loan is secured by a Real Estate Mortgage (REM) over parcels of land covered by Transfer Certificate of Title (TCT) Nos. 074-2019000871 to 074-2019000876, registered in the name of Allied Care Experts (ACE) Medical Center – Palawan, Inc.

The carrying value of the land and buildings and improvements, including construction-in-progress previously used as collateral, amounted to P832,531,713, P850,128,538, and P866,258,696 as of December 31, 2025, 2024, and 2023, respectively (see Note xx).

The loan agreement also requires the Company to comply with certain financial covenants, including, among others:

- Maintain a debt-to-equity ratio of not more than 75:25, starting one (1) year after commencement of commercial operations and thereafter during the term of the loan;
- Maintain a minimum current ratio of 1:1 starting one (1) year after commencement of commercial operations;
- Maintain a minimum debt service coverage ratio of 1.2:1; and
- Restrict the incurrence of additional long-term indebtedness, guarantees, or creation of additional encumbrances on its properties without the prior consent of the lender.

Management has assessed that the Company is in compliance with all the financial covenants and other requirements of the loan agreement as of December 31, 2025, 2024 and 2023.

Movement in loans payable is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning balance	₱ 562,500,000	₱ 593,750,000	₱ 625,000,000
Proceeds	-	-	-
Payments	(62,500,000)	(31,250,000)	(31,250,000)
Ending balance	₱ 500,000,000	₱ 562,500,000	₱ 593,750,000

Total interest expense recognized in the statements of comprehensive income amounts to ₱45,462,742 in 2025 and ₱43,511,702 in 2024 and ₱37,014,323 in 2023.

NOTE 15 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as of December 31, 2025, 2024 and 2023 are as follows:

	<u>2025</u>		<u>2024</u>		<u>2023</u>	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - ₱1,000 par value	₱239,400,000	239,400	₱239,400,000	239,400	₱239,400,000	239,400
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	₱240,000,000	240,000	₱240,000,000	240,000	₱240,000,000	240,000
Subscribed:						
Common shares - ₱1,000 par value	₱219,830,000	219,830	₱219,380,000	219,380	₱218,830,000	218,830
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	₱220,430,000	220,430	₱219,980,000	219,980	₱219,430,000	219,430
Less: Subscription receivable						
Common shares - ₱1,000 par value	-	-	-	-	-	-
Issued and outstanding	₱220,430,000	220,430	₱219,980,000	219,980	₱219,430,000	219,430

A reconciliation of the outstanding shares at the beginning and end of December 31, 2025, 2024 and 2023 is shown below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Outstanding, beginning	219,980	219,430	218,600
Issuance	450	550	830
Reacquisition	-	-	-
Outstanding, ending	220,430	219,980	219,430

The Company's authorized capital stock consists of common shares and founders' shares, both with a par value of One Thousand Pesos (₱1,000) per share.

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

On March 15, 2019, the Securities and Exchange Commission (SEC) approved the increase in the Company's authorized capital stock from One Hundred Twenty Million Pesos (₱120,000,000) divided into One Hundred Nineteen Thousand Four Hundred (119,400) common shares and Six Hundred (600) founders' shares, both with a par value of One Thousand Pesos (₱1,000) per share, to Two Hundred Forty Million Pesos (₱240,000,000) divided into Two Hundred Thirty-Nine Thousand Four Hundred (239,400) common shares and Six Hundred (600) founders' shares, also with a par value of One Thousand Pesos (₱1,000) per share.

Issuance of Shares

As of December 31, 2023, the Company issued Eight Hundred Thirty (830) additional common shares through a public offering. The share premium arising from the issuance amounted to Twenty Million One Hundred Forty-Five Thousand Pesos (₱20,145,000), bringing the total share premium as of December 31, 2023 to Two Hundred Thirteen Million Three Hundred Nine Thousand Pesos (₱213,309,000).

As of December 31, 2024, the Company issued Five Hundred Fifty (550) additional common shares through a public offering. The share premium arising from the issuance amounted to Eleven Million One Hundred Twenty-Five Thousand Pesos (₱11,125,000), resulting in a total share premium of Two Hundred Twenty-Four Million Four Hundred Thirty-Four Thousand Pesos (₱224,434,000) as of December 31, 2024.

As of December 31, 2025, the Company issued Four Hundred Fifty (450) additional common shares through a public offering. The related share premium arising from the issuance amounted to Nine Million Two Hundred Seventy-Six Thousand Six Hundred Six Pesos (₱9,276,606), bringing the total share premium to Two Hundred Thirty-Three Million Seven Hundred Ten Thousand Six Hundred Six Pesos (₱233,710,606) as of December 31, 2025.

As of December 31, 2025, the Company had Fifty-Six (56) shareholders owning One Hundred (100) shares or more of the Company's capital stock.

NOTE 16 - REVENUES

Details of the Company's revenue are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Hospital revenue	₱ 457,705,460	₱ 285,383,569	₱ 213,020,341
Sales of drugs and medicines	149,702,633	145,158,695	80,729,585
Discounts	<u>(89,037,133)</u>	<u>(49,422,080)</u>	<u>(20,060,185)</u>
	<u>₱ 518,370,960</u>	<u>₱ 381,120,184</u>	<u>₱ 273,689,741</u>

Revenue is derived from the Company's hospital operations and sale of medicines and medical supplies. Revenue from hospital operations includes income from room accommodations, medical procedures, laboratory and diagnostic services, and other related healthcare services rendered to patients and is recognized as the services are provided. Revenue from the sale of medicines and medical supplies pertains to pharmacy sales and is recognized upon dispensing or delivery of the goods to patients or customers.

The Company grants discounts in accordance with applicable laws and hospital policies, including those granted to senior citizens, persons with disabilities (PWDs), and contractual adjustments with healthcare institutions, which are recognized as deductions from gross revenues. Amounts collected on behalf of third parties, such as professional fees of doctors, are excluded from revenue as the Company acts only as a collecting agent and these amounts are subsequently remitted to the respective physicians.

NOTE 17 - COST OF SALES AND SERVICES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Direct costs and services	₱ 286,984,976	₱ 204,015,805	₱ 176,346,035
Overhead costs	50,606,823	46,844,958	26,456,649
	₱ 337,591,799	₱ 250,860,763	₱ 202,802,684

Breakdown of overhead follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Depreciation (Note 10)	₱ 28,707,197	₱ 28,526,120	₱ 19,717,091
Communication, light and water	16,972,141	15,786,081	6,291,451
Equipment rentals (Note 24)	4,927,485	2,532,757	448,107
	₱ 50,606,823	₱ 46,844,958	26,456,649

NOTE 18 - OPERATING EXPENSES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Employees' compensation and other benefits (Note 20)	₱ 41,004,414	₱ 37,060,149	₱ 23,359,338
Credit losses	38,669,935	-	2,766,371
Repairs and maintenance	9,595,870	1,400,225	115,850
Depreciation (Note 10)	6,470,906	8,054,626	4,860,806
Communication, light and water	4,243,035	3,956,407	1,701,204
Security services	3,047,602	2,539,164	1,678,228
Taxes and licenses	3,413,394	5,205,230	1,020,240
Professional fees	2,090,353	1,404,784	584,867
Office and other supplies	1,647,181	4,204,847	760,689
Advertising and promotions	910,205	3,234,770	1,608,400
Trainings and seminars	679,679	522,830	-
Transportation and travel	626,722	480,827	823,230
Meetings and conferences	519,392	173,473	291,229
Amortization	280,000	280,000	280,000
Representation	75,497	351,623	39,570
Insurance	26,644	323,594	-
Fines and penalties	26,400	5,941,691	20,969
Bank charges	100	100	195
Service and processing fees	-	-	1,217,500
Membership fees	-	-	-
Miscellaneous	4,912,623	1,277,452	695,045
	₱ 118,239,952	₱ 76,411,792	₱ 41,823,731

NOTE 19 - OTHER INCOME

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Rental income (Note 24)	P 1,048,768	P 360,000	P 560,000
Recovery of credit losses	-	92,463	-
Interest income (Note 6)	22,174	6,323	10,857
Miscellaneous income	911,751	28,112	1,029,210
	<u>P 1,982,693</u>	<u>P 486,898</u>	<u>P 1,600,067</u>

NOTE 20 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented under statement of comprehensive income as follows:

2025

	<u>Cost of sales and services</u>	<u>Operating Expense</u>	<u>Total</u>
Depreciation	P 28,707,197	P 6,470,906	P 35,178,103
Amortization	-	280,000	280,000
Employee benefits	79,567,529	41,004,414	120,571,943

2024

	<u>Cost of sales and services</u>	<u>Operating Expense</u>	<u>Total</u>
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

	<u>Cost of sales and services</u>	<u>Operating Expense</u>	<u>Total</u>
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

NOTE 21 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company enters into transactions with related parties. Related parties include the Company's shareholders, directors, key management personnel, and entities under common control. These transactions consist primarily of advances from shareholders, reimbursements of expenses, and other transactions necessary for the Company's operations and development activities.

2025

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Founders	Payments	-			
	Advances	22,294,492	102,855,015	(1)	(2)

1) *Non interest bearing, payable in cash on demand, no fixed repayment terms, shareholders may apply on unpaid subscription.*

2) *Unsecured*

2024

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Founders	Payments	-			
	Advances	70,280,040	P 80,560,523	(1)	(2)

1) *Non interest bearing, payable in cash on demand, no fixed repayment terms, shareholders may apply on unpaid subscription.*

2) *Unsecured*

2023

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Founders	Payments	-			
	Advances	-	P 10,280,483	(1)	(2)

(1) *Non interest bearing, payable in cash on demand, no fixed repayment terms, shareholders may apply on unpaid subscription.*

(2) *Unsecured*

Cash Advances

The Company obtained advances from certain shareholders to help finance the construction of the hospital building and related facilities. These advances are non-interest bearing, unsecured, and payable upon demand, unless otherwise agreed by the parties. The advances may also be applied against future subscription to the Company's capital stock, subject to the approval of the Company's Board of Directors and compliance with applicable regulatory requirements. Advances from shareholders are presented under current liabilities in the statements of financial position.

Key Management Personnel Compensation

Key management personnel include members of the Board of Directors and senior management who have authority and responsibility for planning, directing, and controlling the activities of the Company. Compensation of key management personnel consists primarily of short-term employee benefits, including salaries, allowances, and other benefits provided in the ordinary course of business.

As of December 31, 2025, 2024 and 2023 the amount of compensation paid to key management personnel amounted to Pxxx and Pxxx respectively.

NOTE 22 - INCOME TAXES

The amount of current and deferred income tax is presented below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current	P 3,654,794	P 2,612,951	P 1,087,144
Deferred tax expense (income) arising from:			
Temporary differences	1,112,439	1,576,993	(2,676,912)
	<u>P 4,767,233</u>	<u>P 4,189,944</u>	<u>P (1,589,768)</u>

Reconciliation between statutory tax and effective tax follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income tax at statutory rate	P 4,764,790	P 2,705,707	P (1,587,733)
Tax effect income subject to final tax	(5,544)	(1,581)	(2,714)
Tax effect of non-deductible interest expense	1,386	395	679
Tax effect of non-deductible fines and penalties	6,600	1,485,423	-
Tax effect of expiration of NOLCO	-	-	-
Effective income tax	<u>P 4,767,232</u>	<u>P 4,189,944</u>	<u>P (1,589,768)</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income (loss) before tax	P 19,059,160	P 10,822,825	P (6,350,929)
Permanent Differences:			
Interest income subjected to final tax	(22,174)	(6,323)	(10,857)
Interest arbitrage	5,544	1,581	2,714
Non-deductible fines and penalties	26,400	5,941,691	-
Temporary differences:			
Credit losses (recovery)	38,669,935	(92,463)	2,766,371
Taxable income (loss)	57,738,865	16,667,311	(3,592,701)
Application of NOLCO	(57,738,865)	(16,667,311)	-
Net taxable loss	-	-	(3,592,701)
Tax rate	25%	25%	25%
	<u>P -</u>	<u>P -</u>	<u>P (898,175)</u>

Minimum Corporate Income Tax:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Taxable Gross Income	P 182,739,680	P 130,647,533	P 72,476,267
Tax Rate	2%	2%	1.5%
	<u>P 3,654,794</u>	<u>P 2,612,951</u>	<u>P 1,087,144</u>

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

	2025	2024	2023
Tax due (MCIT)	P 3,654,794	P 2,612,951	P 1,087,144
Less: Tax Credits			
Prior year tax credit	-	(109,508)	(23,841)
Creditable withholding tax	(1,386,292)	(1,191,333)	(1,172,811)
Quarterly payments	(750,091)	-	-
Prepaid income tax (Note 9)	<u>P 1,518,411</u>	<u>P 1,312,110</u>	<u>P (109,508)</u>

Details of DTA follows:

	2025	2024	2023
DTA arising from NOLCO	P 200,886	P 14,635,602	P 18,802,431
DTA arising from credit losses	10,713,387	1,045,903	1,069,018
DTA arising from MCIT	7,651,034	3,996,240	1,383,289
	<u>P 18,565,307</u>	<u>P 19,677,745</u>	<u>P 21,254,738</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:

Year Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2023	2026	P 3,592,701	P (2,789,150)	P -	P 803,551
2022	2025	41,444,903	(41,444,903)	-	-
		<u>P 45,037,604</u>	<u>P(44,234,053)</u>	<u>P -</u>	<u>P 803,551</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		Balance
			2024	2025	
2021	2026	P 29,000,945	P (15,496,133)	P (13,504,812)	P -
2020	2025	1,171,178	(1,171,178)	-	-
		<u>P 30,172,123</u>	<u>P (16,667,311)</u>	<u>P (13,504,812)</u>	<u>P -</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
2025	2028	₱ 3,654,794	₱ -	₱ -	₱ 3,654,794
2024	2027	2,612,951	-	-	2,612,951
2023	2026	1,087,144	-	-	1,087,144
2022	2025	296,145	-	(296,145)	-
		<u>₱ 7,651,034</u>	<u>₱ -</u>	<u>₱ (296,145)</u>	<u>₱ 7,354,889</u>

The Company is subject to Minimum Corporate Income Tax (MCIT) equivalent to 2% of gross income beginning on the fourth taxable year immediately following the year in which the Company commenced business operations. The MCIT is imposed when it is greater than the regular corporate income tax based on taxable income.

Any excess of the MCIT over the regular corporate income tax may be carried forward and credited against the regular corporate income tax for the succeeding three (3) taxable years.

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:

	2025	2024	2023
Income (loss) attributable to ordinary shares	₱ 14,291,927	₱ 6,632,881	₱ (4,761,161)
Divided by: Weighted average number of ordinary shares outstanding	<u>220,430</u>	<u>219,980</u>	<u>219,430</u>
Basic earnings (loss) per share	<u>₱ 64.84</u>	<u>₱ 30.15</u>	<u>₱ (21.70)</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 ₱1,048,768, ₱360,000 and ₱560,000 in 2025, 2024 and 2023, 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 ₱4,927,485 and ₱2,532,757 in 2025 and 2024, 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, 2025, 2024 and 2023 based on contractual undiscounted payment.

	December 31, 2025			
	<u>Within 3 months</u>	<u>1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade and other payables	P 98,894,876	P 19,244,915	P -	P 118,139,791
Loans payable	24,885,417	78,132,813	532,496,094	635,514,324
Advances from related parties	-	102,855,015	-	102,855,015
	<u>P 123,780,293</u>	<u>P 205,711,547</u>	<u>P532,496,094</u>	<u>P 856,509,130</u>
	December 31, 2024			
	<u>Within 3 months</u>	<u>1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade and other payables	P 98,418,181	P 23,885,652	P -	P 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>P122,829,269</u>	<u>P 175,954,023</u>	<u>P608,835,585</u>	<u>P 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>

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 P500M, P562.5M, and P593.75M as of December 21, 2025, 2024 and 2023, 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		
	2025	2024	2023
+1%	(5,000,000)	P (5,625,000)	P (5,937,500)
-1%	5,000,000	5,625,000	5,937,500

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 represents the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises primarily from its trade and other receivables.

The Company manages its credit risk through established credit policies and monitoring procedures. For patient receivables, the Company generally requires settlement upon discharge or completion of services, except for patients covered by healthcare institutions and government programs such as HMOs, PhilHealth, PCSO, PSWD, and DSWD.

Receivables from healthcare institutions and government agencies are monitored regularly to ensure timely submission and reconciliation of claims. The Company maintains regular coordination with these institutions to facilitate reimbursement and minimize delays in collection. Advances to employees are granted in accordance with Company policies and are recovered through salary deductions, thereby reducing the Company's exposure to credit risk.

The Company regularly reviews the aging of receivables and evaluates the collectability of outstanding balances in order to determine the appropriate level of allowance for expected credit losses.

The tables below show the credit quality per class of financial asset an aging analysis of past due but not impaired accounts as at December 31, 2025, 2024 and 2023.

Credit Quality per Class of Financial Asset

December 31, 2025						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P 47,722,511	P -	P -	P -	P -	P 47,722,511
Trade and other receivables	77,786,759	29,320,636	-	33,874,352	-	140,981,747
	<u>P 125,509,270</u>	<u>P 29,320,636</u>	<u>P -</u>	<u>P 33,874,352</u>	<u>P -</u>	<u>P 188,704,258</u>
December 31, 2024						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P 11,794,384	P -	P -	P -	P -	P 11,794,384
Trade and other receivables	106,945,025	22,444,862	-	16,125,818	-	145,515,705
	<u>P 118,739,409</u>	<u>P 22,444,862</u>	<u>P -</u>	<u>P 16,125,818</u>	<u>P -</u>	<u>P 157,310,089</u>
December 31, 2023						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P 8,685,227	P -	P -	P -	P -	P 8,685,227
Trade and other receivables	730,788	3,103,885	-	22,171,484	-	26,006,157
	<u>P 9,416,015</u>	<u>P 3,103,885</u>	<u>P -</u>	<u>P 22,171,484</u>	<u>P -</u>	<u>P 34,691,434</u>

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.

	2025	2024	2023
Cash	P 47,722,511	P 11,794,384	P 8,685,227
Trade and other receivables	140,981,747	145,515,705	26,006,157
	<u>P 188,704,258</u>	<u>P 157,310,089</u>	<u>P 34,691,384</u>

Cash excludes petty cash fund and cash on hand amounting to P3,796,645, P1,191,183 and Pnil in 2025, 2024 and 2023.

(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, 2025, 2024 and 2023 was determined based on months past due, as follows for trade receivables:

December 31, 2025						
	Current	1-30 days	31-60 days	61-90 days	91-120 days	Total
Expected loss rate	10%	15%	20%	35%	60%	
Trade receivables	P 16,145,076	P 28,790,234	P 32,851,449	P 29,320,636	P 33,479,984	P 140,587,379
Loss allowance	<u>P 1,614,508</u>	<u>P 4,318,535</u>	<u>P 6,570,290</u>	<u>P 10,262,223</u>	<u>P 20,087,990</u>	<u>P 42,853,545</u>

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	<u>P 37,416</u>	<u>P 108,057</u>	<u>P 148,175</u>	<u>P 245,608</u>	<u>P 1,661,426</u>	<u>P 1,982,928</u>	<u>P 4,183,610</u>

December 31, 2023							
	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 3,103,885	P 6,373,158	P 4,842,258	P 5,134,927	P 3,268,535	P 2,552,606	P 25,275,369
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, 2025, 2024 and 2023 are presented below:

	2025	2024	2023
Balance at January 1	P 4,183,610	P 4,276,073	P 1,509,702
Credit losses	38,669,935	-	2,766,371
Recovery of allowance	-	(92,463)	-
Balance, December 31	<u>P 42,853,545</u>	<u>P 4,183,610</u>	<u>P 4,276,073</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.

	2025	2024	2023
Total current liabilities	P 288,018,413	P 275,500,448	P 124,273,621
Total non-current liabilities	437,500,000	500,000,000	562,500,000
Total liabilities (a)	725,518,413	775,500,448	686,773,621
Total equity (b)	409,423,123	385,404,590	367,642,291
Debt-to-equity ratio (a/b)	<u>1.77:1</u>	<u>2.01:1</u>	<u>1.87:1</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, 2025, 2024 and 2023:

	Note	2025			
		Carrying Amount	Fair Value		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	P 51,519,156	P -	P 51,519,156	P -
Trade and receivables	7	98,128,202	-	98,128,202	-
		<u>P 149,647,358</u>	<u>P -</u>	<u>P 149,647,358</u>	<u>P -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	12	P 118,139,791	P -	P 118,139,791	P -
Loans payable	14	500,000,000	-	500,000,000	-
Advances from related parties	21	102,855,015	-	102,855,015	-
		<u>P 720,994,806</u>	<u>P -</u>	<u>P 720,994,806</u>	<u>P -</u>

		2024			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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>

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.

2025

	Loans Payable (Note 14)	Interest Payable (Note 12, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2025	₱ 562,500,000	₱ 5,400,164	₱ 80,560,523	₱ 648,460,687
Cash flow from Financing Activities:				
Additional Borrowing	-	45,462,742	22,294,492	67,757,234
Repayment of Borrowing	(62,500,000)	(46,019,039)	-	(108,519,039)
Non-cash financing activities				
Conversion to Equity	-	-	-	-
Balance, December 31, 2025	<u>₱ 500,000,000</u>	<u>₱ 4,843,867</u>	<u>₱ 102,855,015</u>	<u>₱ 607,698,882</u>

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>

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

Presented below and in the succeeding pages is the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to the financial statements.

This supplementary information is presented for purposes of compliance with BIR requirements and is not a required disclosure under the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The details of taxes, duties, and license fees paid or accrued during the taxable year, as required under the aforementioned Revenue Regulations, are presented below and in the succeeding pages.

(a) Output VAT

	<u>Tax Base</u>	<u>Amount</u>
VATable sales	P 32,710,954	P 3,925,315
Exempt sales	537,600,260	-
	<u>P 570,311,214</u>	<u>P 3,925,315</u>

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

(b) Input VAT

	<u>Purchases</u>	<u>Input VAT</u>
Balance at beginning of year	P 119,764,525	P 57,615
Goods other than capitals goods	-	14,371,743
Capital goods subject to amortization	-	
Services lodged under other accounts	-	
Total available input VAT		14,429,357
Allocable to exempt sales		-
Applied against output VAT		(3,925,315)
		<u>P 10,504,043</u>

(a) Taxes and Licenses for 2025

Taxes and licenses for 2025 consist of:

	<u>Amount</u>
Real property tax	P 775,571
Licenses and business permits	2,511,250
Others	126,573
	<u>P 3,413,394</u>

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 2025

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

	<u>Amount</u>
Compensation and employee benefits	P 165,880
Expanded	13,083,504
	<u>P 13,249,384</u>

(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, 2025, 2024 and 2023

Current Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total current assets	P 181,561,530	P 182,396,817	P 57,622,950
Total current liabilities	288,018,413	275,500,448	124,273,621
Current ratio	<u>0.630:1</u>	<u>0.662:1</u>	<u>0.464:1</u>

Quick Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total liquid asset	P 149,647,358	P 154,317,662	P 30,415,311
Total current liabilities	288,018,413	275,500,448	124,273,621
Quick ratio	<u>0.520:1</u>	<u>0.56:1</u>	<u>0.245:1</u>

Working Capital to Total Asset

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Working capital	P (106,456,883)	P (93,103,631)	P (66,650,671)
Total assets	1,134,941,536	1,160,905,038	1,053,870,330
Working capital ratio	<u>-0.09:1</u>	<u>-0.08:1</u>	<u>-0.08:1</u>

Solvency Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net income (loss) after tax + Depreciation	P 49,470,030	P 50,144,583	P 19,816,736
Total liabilities	725,518,413	775,500,448	686,773,621
Solvency ratio	<u>0.068:1</u>	<u>0.065:1</u>	<u>0.029:1</u>

Debt-to-equity Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total liabilities	P 725,518,413	P 775,500,448	P 686,773,621
Total equity	409,423,123	385,404,590	367,096,709
Debt-to-equity ratio	<u>1.772:1</u>	<u>2.012:1</u>	<u>1.871:1</u>

Asset-to-equity Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total assets	P 1,134,941,536	P 1,160,905,038	P 1,053,870,330
Total equity	409,423,123	385,404,590	367,096,709
Asset to equity ratio	<u>2.772:1</u>	<u>3.012:1</u>	<u>2.871:1</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, 2025, 2024 and 2023

Interest Rate Coverage Ratio

	2025	2024	2023
Pre-tax profit (loss) before interest	P 64,521,902	P 54,334,527	P 30,663,394
Interest	45,462,742	43,511,702	37,014,323
Interest rate ratio	<u>1.419:1</u>	<u>1.249:1</u>	<u>0.828:1</u>

Profitability Ratios

	2025	2024	2023
Net profit (loss) after tax	P 14,291,927	P 6,632,881	P (4,761,161)
Total equity	409,423,123	385,404,590	367,096,709
	<u>0.035:1</u>	<u>0.017:1</u>	<u>-0.013:1</u>

a.) Return on asset ratio

	2025	2024	2023
Net income (loss) after tax	P 14,291,927	P 6,632,881	P (4,761,161)
Average assets	1,728,375,806	1,107,387,684	1,053,885,646
	<u>0.008:1</u>	<u>0.006:1</u>	<u>-0.005:1</u>

b.) Return on equity ratio

	2025	2024	2023
Net profit (loss) after tax	P 14,291,927	P 6,632,881	P (4,761,161)
Average equity	590,116,152	376,250,649	358,989,789
	<u>0.024:1</u>	<u>0.018:1</u>	<u>-0.013:1</u>

c.) Gross Profit Margin Ratio

	2025	2024	2023
Net profit (loss) before tax	P 19,059,160	P 10,822,825	P (6,350,929)
Gross profit (loss)	182,761,854	130,259,421	70,887,057
	<u>0.104:1</u>	<u>0.083:1</u>	<u>-0.09:1</u>

d.) Net Profit Margin

	2025	2024	2023
Net profit (loss) after tax	P 19,059,160	P 6,632,881	P (4,761,161)
Revenue	518,370,960	381,120,184	273,689,741
	<u>0.037:1</u>	<u>0.017:1</u>	<u>-0.017:1</u>

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2025

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	(P59,009,410)
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	-
	-
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	-
	-
Unappropriated Retained Earnings, as adjusted	(59,009,410)
Add/Less: Net Income (Loss) for the current year	14,291,927
	14,291,927
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	-
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	-
	-

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2025

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)	14,291,927
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	(44,717,483)

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 4,696,729	P 4,696,729	P 1,737
Development Bank of the Philippines	16,546,793	16,546,793	15,526
Bank of Philippine Islands	1,797,896	1,797,896	914
Landbank of the Philippines	24,681,093	24,681,093	3,997
	P 47,722,511	P 47,722,511	P 22,174

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
Pacaigue, 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.	P500,000,000	P-	P500,000,000 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	P80,560,523	P102,855,015

**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	-

DRAFT

For BIR Use Only BCS: Item:



Republic of the Philippines Department of Finance Bureau of Internal Revenue

BIR Form No. 1702-RT January 2018(ENCS) Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayers.



1702-RT 0118ENCS P1

1 For 2018: Calendar (checked) or Fiscal; 3 Amended Return? No (checked); 4 Short Period Return No (checked); 5 Alphanumeric Tax Code (ATC) IC 055-Minimum Corporate Income Tax(MCIT) (checked); RC 010 - CORPORATION IN GENERAL - JAN 1, 2009 (checked)

Part I - Background Information

6 Tax Identification Number (TIN) 009-533-707-00000; 7 RDO Code 938; 8 Registered Name ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN INC.; 9 Registered Address JOMARI BUILDING B, 2ND FLOOR MALVAR ST. PUERTO PRINCESA CITY; 10 Date of Incorporation/Organization 01/20/2017; 11 Contact Number 4330498; 12 Email Address palawanacegroup@gmail.com; 13 Method of Deductions Itemized Deductions (checked)

Part II - Total Tax Payable

Table with 2 columns: Description and Amount. 14 Tax Due 3,654,794; 15 Less: Total Tax Credits/Payments 2,136,383; 16 Net Tax Payable (Overpayment) 1,518,411; 17 Surcharge 0; 18 Interest 0; 19 Compromise 0; 20 Total Penalties 0; 21 TOTAL AMOUNT PAYABLE (Overpayment) 1,518,411. Includes checkboxes for refund, TCC, or carry-over.

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

Signature lines for President/Principal Officer/Authorized Representative and Treasurer/Assistant Treasurer, including TIN and Title of Signatory.

Part III - Details of Payment

Table with 5 columns: Particulars, Drawee Bank/Agency, Number, Date(MM/DD/YYYY), Amount. Rows for 23 Cash/Bank Debit Memo, 24 Check, 25 Tax Debit Memo, 26 Others(Specify Below).

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank (AAB)) Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate



1702-RT 01/18ENC5 P2

Taxpayer Identification Number(TIN)
009 533 707 00000

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

Part IV - Computation of Tax

(DO NOT enter Credits. #3 Creditive or Less than 0, 00 or more round up)

27 Sales/Revenues/Receipts/Fees	518,370,960
28 Less Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees (Item 27 Less Item 28)	518,370,960
30 Less: Cost of Sales/Services	337,591,799
31 Gross Income from Operation (Item 29 less Item 30)	180,779,161
32 Add: Other Taxable Income Not Subjected to Final tax	1,960,519
33 Total Taxable Income (Sum of Items 31 and 32)	182,739,680
Less: Deductions Allowable under Existing Law	125,000,815
34 Ordinary Allowable Itemized Deductions	0
35 Special Allowable Itemized Deductions	57,738,865
36 NOLCO (Only for those taxable under Sec. 27(A) to (C); Sec. 28(A)(1)-(4)(B)(1) of Tax Code, as amended)	182,739,680
37 Total Deductions (Sum of Items 34 to 36)	0
OR (in case taxable under Sec 27(A) & 28(A)(1))	0
38 Optional Standard Deduction (OSD) (40% of Item 33)	0
39 Net Taxable Income/(Loss) (Adjusted Item 33 Less Item 37 & OSD Item 38 Less Item 38)	0
40 Applicable Income Tax Rate	0
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) (Item 39 x Item 40)	25 %
42 MCIT Due (2% of Item 33)	0
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)	3,654,794
Less: Tax Credits/Payments(attach proof)	3,654,794
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	555,129
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	194,962
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	408,213
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	978,079
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments (Specify)	0
53	0
54	0
55 Total Tax Credits/Payments (Sum of Items 44 to 54)	2,136,383
56 Net Tax Payable (Overpayment) (Item 43 Less Item 55)	1,518,411

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0
58 Add: Special Tax Credits	0
59 Total Tax Relief Availment (Sum of Items 57 & 58)	0

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate



Taxpayer Identification Number(TIN)

009 533 707 00000

Registered Name

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

1702-RT 01/18/ENCS P3

Part VI - Schedules

Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheets if necessary)

(DO NOT enter Centennial, 43 Centavos or Less (200) items, 50 or more (round up))

1	Amortization	
2	Bad Debts	280,000
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	0
6	Entertainment, Amusement and Recreation	6,470,906
7	Fringe Benefits	75,497
8	Interest	0
9	Losses	45,457,198
10	Pension Trusts	0
11	Rental	0
12	Research and Development	0
13	Salaries, Wages and Allowances	0
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	41,004,414
15	Taxes and Licenses	0
16	Transportation and Travel	3,413,394
17	Others(Deductions Subject to Withholding Tax and Other Expenses) (Specify below. Add additional sheet(s), if necessary)	626,722
a	Janitorial and Messengerial Services	0
b	Professional Fees	
c	Security Services	2,080,353
d	REPAIRS AND MAINTENANCE	3,047,602
e	COMMUNICATION, LIGHT AND WATER	9,585,870
f	OFFICE SUPPLIES	4,243,035
g	ADVERTISING EXPENSE	1,647,181
h	OTHERS	910,205
i		6,138,438
		0
18	Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17)	125,000,815

Schedule II - Special Allowable Itemized Deductions (Attach additional sheets if necessary)

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	Total Special Allowable Itemized Deductions (Sum of Items 1 to 4)		0

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate



Taxpayer Identification Number(TIN)
009 533 707 00000

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

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	
2	Less: Ordinary Allowable Itemized Deductions	0
3	Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)

Year Incurred	Net Operating Loss	A) Amount	B) NOLCO Applied Previous Year/s
4		0	0
5	2023	3,592,701	0
6	2022	71,617,026	0
7		0	16,667,311
			0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	0
5	0	2,789,150	803,551
6	0	54,949,715	0
7	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D)		
		57,738,865	0

Schedule IV - Computation of Minimum Corporate Income Tax(MCIT)

Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2024	0	2,612,951
2	2023	0	1,087,144
3	2022	0	296,145
			296,145

Continuation of Schedule IV (Item numbers continue from table above)

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	2,612,951
2	0	0	0	1,087,144
3	0	296,145	0	0
4	Total Excess MCIT Applied (Sum of Items 1F to 3F)			
			0	0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)

1	Net Income/(Loss) per Books	19,059,160
	Add: Non-deductible Expenses/Taxable Other Income	
2	FINES AND PENALTIES	26,400
3	NON DEDUCTIBLE EXPENSES	38,675,479
4	Total (Sum of Items 1 to 3)	57,761,039
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	INTEREST INCOME	22,174
6		0
	B) Special Deductions	
7	APPLICATION OF NOLCO	57,738,865
8		0
9	Total (Sum of Items 5 to 8)	57,761,039
10	Net taxable Income (Loss) (Item 4 Less Item 9)	0



**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENT FOR
FILING WITH THE BUREAU OF INTERNAL REVENUE**


**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, 2025, on which we have rendered the attached report dated March 13, 2026.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Company for the year ended December 31, 2025 are shown in the Schedule of Taxes and Licenses.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal shareholders of the Company.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 0368867, Issued on January 08, 2026, Manila City

SEC Accreditation No.

Partner - 0054588-SEC Group B, Issued on December 01, 2022.

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

Firm - 0222-SEC Group B, Issued on December 01, 2022

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

IC Accreditation No.

Partner - IC-EA-2025-0041-R Group B, Issued on January 19, 2026

valid for three (3) years covering the audit from 2025 to 2027 Financial Statements

BOA/PRC Accreditation No. 0222, Issued on September 13, 2023

valid until October 12, 2026

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

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

Manila, Philippines
March 13, 2026



ACE MEDICAL CENTER PALAWAN

South National Highway Brgy. San Pedro

Puerto Princesa City Palawan 5300

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

BY:

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



AMADO MANUEL C. ENRIQUEZ JR.

Chairman of the Board



JOSEPH M. TOVERA

President 226-467-6244



SHEREIL DELOS SANTOS-PABLICO

Treasurer 944-091-554