



MANAGEMENT REPORT AS OF 23 DECEMBER 2024

A. DESCRIPTION OF BUSINESS

ACE Medical Center-Zamboanga City, Inc. (ACE-MCZ) is a private healthcare institution initiated by a group of doctors and non-medical incorporators that aims to establish a modern, state-of-the-art and technologically-advanced healthcare facility in the region. This 10-storey facility shall house the 200-bed capacity hospital with multi-specialty departments located at Don Alfaro Street, Barangay Tetuan, Zamboanga City. Aiming to provide access to healthcare products to complement the services including medicines, medical supplies, etc. A combination of competent human resources, modern and technologically-advanced facilities and equipment, reliable policies, procedures and systems.

ACE Medical Center-Zamboanga City, Inc. was incorporated on 18 December 2015 by a group of specialists from Manila & Zamboanga. Equipped with zeal and passion in providing a state of the art and specialized health services and with competence in provision of medical services and management by majority of the incorporators had established the first of its kind healthcare facility in the region. The birth of the medical center shall bring about a significant new face of healthcare services in Zamboanga peninsula and Basulta.

The group initially composed of doctors and consultants from Manila and Zamboanga City, experienced & competent non-medical staff had opened the venture with stock or shareholders. Over the past years, the company gradually attracted more shareholders which made the realization of the dream to put up the hospital possible. Premier Medical Center Zamboanga City would gradually travel through growth and development.

The approach of ACE Medical Center-Zamboanga City, Inc. is the establishment of a policy-driven healthcare facility that ensures safe and quality care including state of the art Operating Room Unit, first-in-the-city Eye Center and Dental Center inside the building.

On 17 August 2019, the Issuer amended Article I (corporate name) and Article VI (number of directors) of its Articles of Incorporation. The corporate name under Article I was amended to "Allied Care Experts (ACE) Medical Center- Zamboanga City, Inc., doing business under the name and style of Premier Medical Center Zamboanga". Article VI was amended to decrease the number of the members of the board of directors from fifteen (15) members to nine (9) members.

On 27 November 2021, the Issuer amended Article III (principal place of business) and Article VII (converting the preferred shares to common shares) of its Articles of Incorporation duly approved by the SEC on 7 March 2024. The Issuer likewise amended its By-Laws, more particularly Article II Section 1 (annual meeting); Section 3 (place of meeting) and Section 7 (manner of voting); and Article VI Section 1 (principal place of business).

ACE Medical Center-Zamboanga City, Inc. was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities, and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research, and other allied undertakings and services which shall provide medical, and services surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified 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.



It is the mission of ACE Medical Center - Zamboanga City, Inc. to set up a tertiary health care facility with an organized, systematic, cost-effective, sympathetic, and holistic approach to its goal of providing the best quality and justifiable medical services to its clients and stakeholders. ACE Medical Center Zamboanga will be a 10-story 200-bed capacity hospital, with floor area of 20,165.35 sqm, constructed in a 12,200 sqm property located in Zamboanga City, along Don Alfaro Street, Barangay Tetuan. It will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of ACE Medical Center Zamboanga, Inc., although it is a prerequisite. Physicians and medical specialists who are subscribers to at least one (1) block or fifteen (15) shares of the capital stock issued under this Registration Statement, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as provided under the Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges offered by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as may be imposed by ACE Medical Center - Zamboanga City, Inc. pursuant to rules and duly approved resolutions. Medical Specialists who have been granted the privilege to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

ACE Medical Center - Zamboanga City, Inc. will assess and collect from each duly admitted medical specialist the appropriate lease/rental fee for the Doctor's clinic and monthly dues effective on the date of turnover.

Tertiary Hospital is a hospital that provides tertiary care, which is health care from specialists in a large hospital after a referral from primary care and secondary care. Tertiary Hospitals offer training programs for doctors who want to go into specialization.

Operations	Year	Services
Ambulatory Services	1	<p>An ambulatory service is a government or privately owned institution which is primarily organized, constructed, renovated or otherwise established for the out-patients whose recovery, under normal and routine circumstances, will not require inpatient care.</p> <p>ACE Medical Center - Zamboanga City, Inc. shall have as minimum, all of outpatient care services, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. Laboratory 2. Radiology 3. Pharmacy 4. Dialysis 5. Medical Arts (Clinics) 6. Eye Center 7. Cardio-Pulmo Unit 8. Rehab Unit
Level 2	2	A Level 2 Hospital shall have as minimum, all of Level 1 capacity, including, but not limited to, the following:

		<ol style="list-style-type: none"> 1. An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate board-certified Clinical Department Heads; 2. Departmentalized and equipped with the service capabilities needed to support board-certified/eligible medical specialists and other licensed physicians rendering services in the specialties of Medicine, Pediatrics, Obstetrics and Gynecology, Surgery; their subspecialties and ancillary services; 3. Provision for Intensive Care Units-- Medical ICU, Surgical ICU and Coronary Care Unit for critically ill patients; 4. Provision for PICU (Pediatric Intensive Care Unit) and NICU (Neonatal Intensive Care Unit); 5. Provision for HRP (High-Risk Pregnancy Unit).
Level 3	3	<p>A Level 3 hospital shall have as a minimum, all of Level 2 capacity, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. Teaching and/or training hospital with accredited residency training program for physicians in the four (4) major specialties namely: Medicine, Pediatrics, Obstetrics and Gynecology, and Surgery; 2. Provision for physical medicine and rehabilitation unit; <ol style="list-style-type: none"> 1. Provision for ambulatory surgical clinic; 2. Provision for dialysis facility; 3. Provision for blood bank; 4. A DOH-licensed tertiary clinical laboratory with standard equipment/reagents/supplies necessary for the performance of histopathology examinations; 5. A DOH-licensed level 3 imaging facility with interventional radiology.

ACE-MCZ has not filed for bankruptcy , receivership , nor has been a subject of similar proceedings.

Neither has there been a h reclassification , merger , consolidation , or purchase or sale of a significant amount of its assets not in the ordinary course of business.

In November 2023, the Hospital opened itself for outpatient services. After securing the License to Operate from the Department of Health for ancillary services, inpatient and dialysis (20 stations), for 24-beds, it started accepting patients on 01 July 2024.

The principal products and/or services offered by the Hospital are divided into Routine Services and Ancillary Services. The Routine Services include room and board, general nursing units, perioperative and operative services for general surgery and obstetrics and gynecology cases, and emergency services. Ancillary Services include dietetics, pharmacy, pathology and clinical laboratories, imaging and cardiology and pulmonary units.



PMC

PREMIER
MEDICAL CENTER
ZAMBOANGA

(Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc.)

SEC Reg. CS201540355

TIN 478-905-770

Competition

The Issuer belongs to the industry which caters to the need of the public and medical practitioners for hospital facilities. The Issuer's competitors include the following:

Zamboanga City Medical Center (ZCMC), known before as Zamboanga Regional Hospital, is a government owned hospital with authorized 800-bed capacity, ISO Certified for Quality Management System 9001:2015 Standard (International Organization for Standardization), caters Residency Trainings for physicians pursuing sub-specialties, COVID Facility, medical services hemodialysis, Help Emergency Management, Toxicology Unit, Multiple Drug Resistant (MDR) Treatment Center, TB-Dots Clinic, and other outpatient services. Located at Dr. Evangelista Street, barangay Sta. Catalina, Zamboanga City.

Zamboanga Doctors' Hospital, Inc. (ZDH) is the second private hospital in Zamboanga City that opened in 1966. To date, this hospital has a 150-bed capacity and plans to accommodate more to achieve 260. Offering in-patient and out-patient services, located at Veterans Avenue of the city.

West Metro Medical Center (West Metro) is a secondary-level private hospital located at Veterans Ave. Extension, Zamboanga City catering in-patient and out-patient services. As of 2015, the hospital has a capacity of 110 beds and ongoing construction of an annex will increase bed capacity to 190. It is operated by Metro Pacific Zamboanga Hospital Corporation (MPZHC) and a member of Metro Pacific Hospital Holdings, Inc. (MPHHI), one of the country's largest chain of private hospitals.

Ciudad Medical Zamboanga (CMZ) was established in 2001 by the Zamboanga Polymedic Hospital, Inc. that opened in 2003. CMZ is a partner of Mount Grace Hospitals, Inc. (MGHI), a private tertiary hospital operating with 160-bed capacity for in-patient services and catering out-patient services as well as a residency training program for physicians pursuing Internal Medicine specialty. Located at Mayor Vitaliano Agan Avenue, Zamboanga City.

Zamboanga Peninsula Medical Center, Inc. (ZamPen) is a level two general hospital employing approximately Four Hundred Eighty-Nine (489) staff. It started as Zamboanga Children's Hospital in 1999 catering the largest Pediatric care in the entire Zamboanga Peninsula. This hospital has One Hundred Ninety-Eight (198) bed capacity with Ancillary Services strategically available and of service to fully satisfy the needs of clients. Their rooms and other amenities are designed to deliver the comfort of the demands of the care.

Hospital De Zamboanga (HDZ), formerly known as Zamboanga Children's Hospital, is a level one hospital operating with 23 bed capacity offering affordable quality care for in-patient services and catering out-patient services. Located at Pilar Street, Zamboanga City beside Southern City Colleges.

Zamboanga Puericulture Center Maternity Lying-in Hospital is a level one hospital that caters 15-bed capacity with a vision of a globally competitive and holistic Non-Government Organization, providing an integrated health care program and development, relevant education, and excellent delivery of socio-economic services. Located at P. Brillantes Street, Zamboanga City.

Universidad de Zamboanga Medical Center, Inc. (UZMC) formerly Zamboanga Arturo Eustaquio Colleges (ZAEC)-Zamboanga Medical Center, is an affiliate, non-profit training institution of Universidad de Zamboanga School of Allied Medicine. This level I hospital has Twenty five (25) bed capacity for in-patient services and catering out-patient services as well. This hospital is located at San Jose Road, Zamboanga City.



Brent Hospital and Colleges Inc. (Brent) is a Level II tertiary hospital with 100-bed capacity as approved by the Department of Health (DOH), located along R.T. Lim Boulevard, offering services such as diagnostic and laboratory examinations, out-patient and in-patient services, emergency, surgery. The hospital is fully equipped with a centralized oxygen generator system.

Labuan General Hospital, previously known as the Labuan Public Hospital, is located in barangay Labuan-limpapa Road Zamboanga City. It is a Level II government-owned general hospital with authorized 100-bed capacity for general care services.

Mindanao Central Sanitarium (MCS) is a government owned 450-bed capacity and Department of Health (DOH) retained hospital that is ISO Certified for Quality Management System 9001:2015 Standard (International Organization for Standardization). Located at barangay Pasobolong, Zamboanga City, the sanitarium or “leper colony” more noted and known for the Mindanao Central sanitarium (MCS), was formerly named Zamboanga Leprosarium has been the second home for thousands of leprosy patients and their families, and for many, their final destination.

The following table shows the size (bed capacity), category, and classification of the foregoing hospital competitors.

Name of Hospital	Address	Bed Capacity	Category	Level of Classification
Zamboanga City Medical Center	Sta. Catalina, Zamboanga City	800	Public	3
Zamboanga Doctors’ Hospital	Veterans Ave., Zamboanga City	150	Private	2
West Metro Medical Center	Veterans Ave. Ext., Zamboanga City	110	Private	2
Ciudad Medical Zamboanga	Nuñez Ext., Zamboanga City	160	Private	2
Zamboanga Peninsula Medical Center, Inc.	MCLL Highway, Putik, Zamboanga City	198	Private	2
Hospital De Zamboanga	Pilar St., Zamboanga City	23	Private	1
Zamboanga Puericulture Center Maternity Lying-in Hospital	P. Brillantes St., Zamboanga City	15	Private	1
Universidad de Zamboanga Medical Center, Inc.	San Jose Rd., Zamboanga City	25	Private	1
Brent Hospital and Colleges Inc.	R.T. Lim Blvd., Zamboanga City	100	Private	2
Labuan General Hospital	Labuan-Limpapa Rd., Zamboanga City	100	Public	2
Mindanao Central Sanitarium	Pasobolong, Zamboanga City	450	Public	2

Competition in the hospital industry is very strong owing mainly due to the increasing number of new hospitals constructed and operational. There are several competitors within the Zamboanga Peninsula which have been operational for a long period of time. There are also three (3) DOH hospitals/public hospitals in Zamboanga City alone. However, due to a low hospital bed to patient/person ratio and increasing population growth in the region, the Hospital project remains to be very much viable in terms of capacity and profitability.

ACE Medical Center-Zamboanga City, Inc. intends to compete with the foregoing hospitals by providing an organized, systematic, cost-effective, sympathetic, and holistic approach of providing the best quality and justifiable medical care and services to its clients and stakeholders.



PMC PREMIER
MEDICAL CENTER
ZAMBOANGA

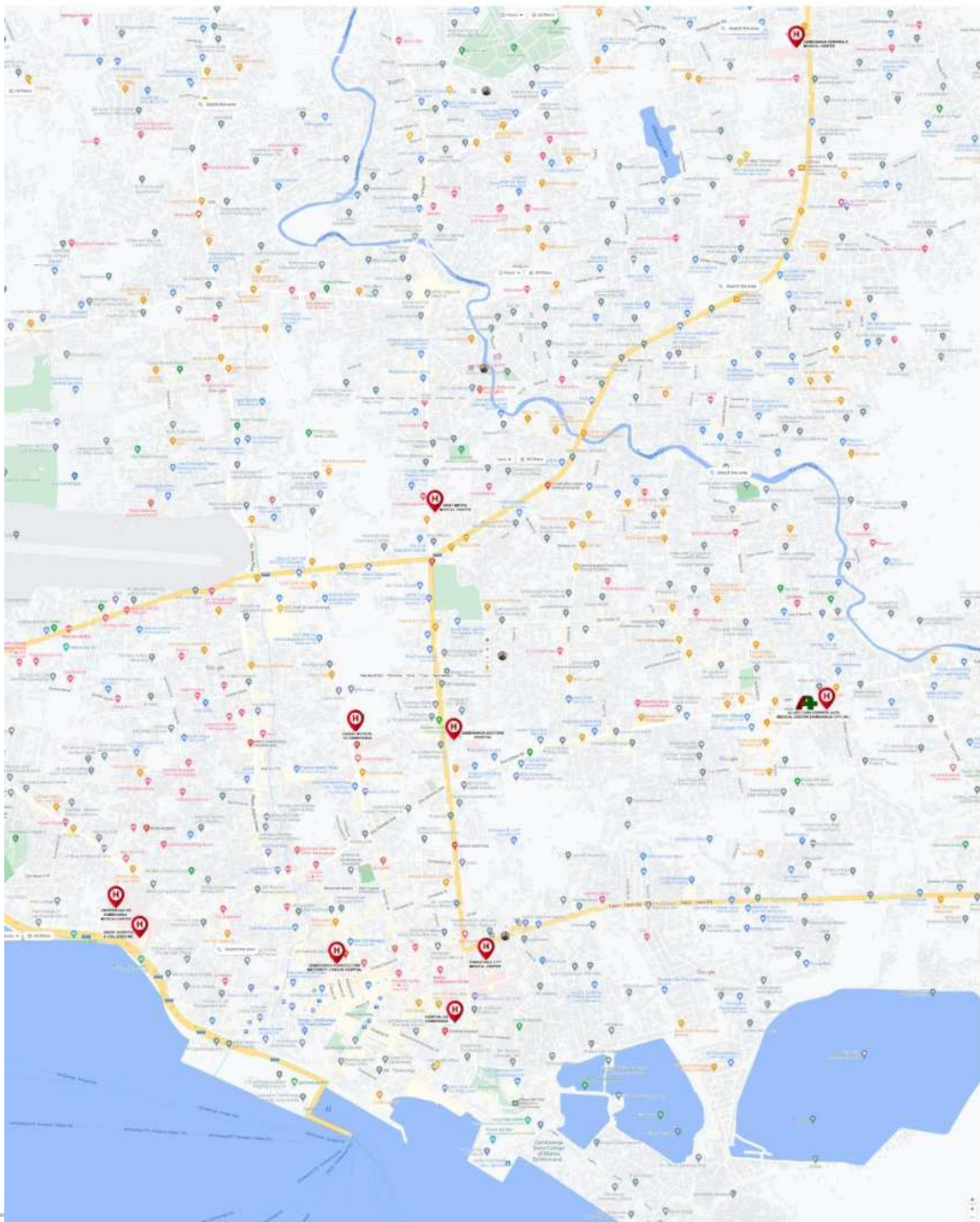
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During the first few years of hospital operations, the suggested rates for hospital services will be based on local prevailing market prices or standards, if not lower than other competing hospitals, while development and upgrading of services will continue to be undertaken.

Moreover, the choice of medical professionals to subscribe shares of stock in ACE Medical Center-Zamboanga City, Inc. is mostly influenced by the Hospital's advantageous location. Price and the level of facility management are the following considerations after the Doctor chooses where to practice. The hospital's favorable location, convenient proximity to patients, reasonable offer price, and high-quality amenities allow ACE Medical Center-Zamboanga City, Inc. to successfully compete with its competitors in the area.





The majority of the shareholders of the Issuer are medical specialists with established practices in the area. Since each Doctor-shareholder has a solid patient base in their specialized fields, the hospital's unique setup is a great strategic asset. The list of medical professionals who have pledged their support for the hospital is also highly significant. The hospital will ensure that the medical team of the Issuer is clinically qualified and specialists by adhering to the standards of the Credentialing and Privileging Committee. Without sacrificing the standard of healthcare services it provides to its patients, the Issuer will also offer both preventive and medical treatment services at a very competitive price, if not at a lower price than the competing hospital facilities. In addition to these, patients will enjoy a better atmosphere at ACE Medical Center-Zamboanga City, Inc. because of the hospital's properly thought-out design and construction. Its benefit isn't just its recently constructed structure; it also offers brand-new facilities and equipment, as well as the expertise of its medical specialists.

ACE Medical Center-Zamboanga will offer the following ambulatory services with latest technology:

- Radiology
- Laboratory
- Pharmacy
- Medical Arts (Clinics)
- Dialysis Center
- Eye Center
- Rehabilitation Unit
- Cardiology-Pulmonary Unit

SUPPLIERS AND MAJOR CONTRACTORS

The main contractor of the hospital is Metro Stonerich Corporation which is also based locally in Zamboanga City. Some major suppliers of the hospital are as follows:

1. Manalang and Sons Builders & Developers Inc. – Architectural Interior Design Consultancy
2. RFDG Construction and Development Corporation – Fire Protection, Plumbing and Sanitary Works
3. IS3 Industrial Solutions Corporation – Electrical Works
4. OXUS Medi-Equip Philippines Corporation – OR & DR Complex Works
5. Googol Construction Company, Inc. – Ducting, Chilled Water and FCU Drain Piping of OR Complex
6. Hitachi Elevator Philippines Corporation – Elevator Works
7. Philgen Environmental Services Corp. – Sewage Treatment Plant
8. GCK International Inc.

In the course of doing business, the company has the following major suppliers for medical equipment, medical supplies and medicines in 2024.

1. IDS
2. Fujifilm
3. Technomed
4. NPK
5. Euro-Med
6. Endure Medical Inc.
7. JAC Medical
8. Clearvue





9. Sannovex
10. Cathay Drug
11. Dynasty

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

The company has not entered any Memorandum of Agreements yet with other institutions in relation to granting of discounts to its stockholders as of 26 December 2024.

RELATED PARTY TRANSACTIONS

The Company has reviewed its transactions and relationships and confirms that there were no related party transactions during the 3rd quarter of 2024.

Related parties are defined as individuals or entities that have the ability to control or significantly influence the financial and operating decisions of the Company. These include key management personnel, shareholders, and entities under common control.

Management has conducted a thorough review of all transactions and relationships to ensure compliance with the requirements for related party disclosures. Based on the review and assessment, the Company confirms that there were no related party transactions during the reporting period, and therefore, no related party disclosures are required in these financial statements.

INVOLVEMENT IN LEGAL PROCEEDINGS

The Issuer is a party in the pending intra-corporate dispute with damages entitled "Al-Rajid J. Jamiri, vs. Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro" pending before the Regional Trial Court of Zamboanga City., Branch 12 [Civil Case No. 7229]

The Complaint for Intra-Corporate Dispute with Damages, dated 20 February 2024, was filed before the Regional Trial Court of Zamboanga City on 21 February 2024.

The Principal Parties are as follows:

Plaintiff - Al-Rajid J. Jamiri

Defendants - Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro

The Plaintiff is praying for the 1] issuance of stock certificates of the Corporation in his favor in the amount of Php 12,000,000.00, 2] inspection of the corporate books, records, and minutes of the meetings of the Issuer, and 3] payment of loss of potential income, attorney's fees, and litigation expenses.

The Plaintiff's avers that he paid the amount of Php 12,000,000.00 corresponding to Php 12,000,000.00 worth of shares of the stock of the Issuer despite only paying Php 1,550,000.00 as appearing in the corporate records of the Issuer. The Plaintiff states that he was denied access to corporate books and records when the truth of the matter is that the Issuer never denied access to corporate books and records provided it shall be made during office hours.

The Issuer filed its Answer with Counterclaims, dated 1 March 2024, on 4 March 2024 and has sought the dismissal of the aforesaid Complaint.

B. SECURITIES OF THE REGISTRANT

Market Price

ACE Medical Center-Zamboanga City, Inc. advertises and offers its stocks through its employees who will act as in-house salesmen. These authorized in-house salesmen are knowledgeable with the hospital's goal,



mission, vision and operations. The hospital's management believes that its advantageous location, its facilities and services, as well as the management who will run it, will be enough to pique the interest of potential investors and medical professionals. Efficiency of salesmen and good feedback from contented patients will be crucial to ACE Medical Center-Zamboanga City, Inc. to disseminate the facilities and services the hospital provides.

Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc. (doing business under the name and style of Premier Medical Center Zamboanga) is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

Series of Common Shares	Number of Blocks	Selling Price per Block
1 st	1,200	P 150,000 per block
2 nd	1,400	P 300,000 per block
3 rd	1,000	P 400,000 per block

The amount of Equity that has been proposed to the publicly offered by the Registrant is 1B.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase relative to the completion of the Hospital and its facilities, the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The shares are sold at a fixed price per tranche and the last block of shares were sold at PhP 300,000.00 per block.

HOLDERS

There are approximately fifty three (53) holders of Founder Shares and approximately one thousand four hundred forty-four (1,495) holders of common shares of the company as of 23 December 2024.

Dr. James Robertson Pichel, Dr. Giovanni Paolo Gimena, Dr. Ferjenel Biron, are the beneficial owners of more than 5% of any class of registrant's voting securities as of 23 December 2024.

Title of Class	Names / Address of Record Owner	Name of Beneficial Owner / Relationship with Record Owner	Citizenship	Number of Shares Held	Percent
FOUNDER	PICHEL, JAMES ROBERTSON C. 133 CANELAR STREET, ZAMBOANGA CITY	PICHEL, JAMES ROBERTSON C. / Record owner is also Beneficial Owner	FILIPINO	10	7.33%
COMMON				23,990	
FOUNDER	GIMENA, GIOVANNI PAOLO C. 132-1 ST. IGNATIUS SUBDIVISION, CABATO ROAD, TETUAN, ZAMBOANGA CITY	GIMENA, GIOVANNI PAOLO C. / Record owner is also Beneficial Owner	FILIPINO	20	6.87%
COMMON				22,480	
FOUNDER	BIRON, FERJENEL G. DOLLAR CORNER PESO ST., BANKERS' VILLAGE, JARO, ILOILO CITY	BIRON, FERJENEL G. / Record owner is also Beneficial Owner	FILIPINO	30	5.49%
COMMON				17,970	



The top 20 Stockholders of the Company as of 23 December 2024 are as follows:

Title of Class	Names / Address of Record Owner	Name of Beneficial Owner / Relationship with Record Owner	Citizenship	Number of Shares Held	Percent
FOUNDER	PICHEL, JAMES ROBERTSON C. 133 CANELAR STREET, ZAMBOANGA CITY	PICHEL, JAMES ROBERTSON C. / Record owner is also Beneficial Owner	FILIPINO	10	7.33%
COMMON				23,990	
FOUNDER	GIMENA, GIOVANNI PAOLO C. 132-1 ST. IGNATIUS SUBDIVISION, CABATO ROAD, TETUAN, ZAMBOANGA CITY	GIMENA, GIOVANNI PAOLO C. / Record owner is also Beneficial Owner	FILIPINO	20	6.87%
COMMON				22,480	
FOUNDER	BIRON, FERJENEL G. DOLLAR CORNER PESO ST., BANKERS' VILLAGE, JARO, ILOILO CITY	BIRON, FERJENEL G. / Record owner is also Beneficial Owner	FILIPINO	30	5.49%
COMMON				17,970	
FOUNDER	YAHCOB-PINGLI, AEESHA M. ZONE 4, TALABAAN, ZAMBOANGA CITY	YAHCOB-PINGLI, AEESHA M. / Record owner is also Beneficial Owner	FILIPINO	10	4.58%
COMMON				14,990	
FOUNDER	BANTALA, KRISTINE H. 1ST ROAD LOPEZ SUBDIVISION UPPER CALARIAN, ZAMBOANGA CITY	BANTALA, KRISTINE H. / Record owner is also Beneficial Owner	FILIPINO	10	2.75%
COMMON				9,990	
FOUNDER	YAP, DANNY JR. F CADENA DE AMOR, GUIWAN, ZAMBOANGA CITY	YAP, DANNY JR. F. / Record owner is also Beneficial Owner	FILIPINO	20	2.83%
COMMON				8,980	
FOUNDER	URAO, ZAIDA K. BLOCK 7, LOT 3, TOWNSVILLE SUBDIVISION, SAN ROQUE, ZAMBOANGA CITY	URAO, ZAIDA K. / Record owner is also Beneficial Owner	FILIPINO	20	2.75%
COMMON				8,980	
FOUNDER	GO, JANE T. 20 TOMAS CLAUDIO EXTENSION, ZAMBOANGA CITY	GO, JANE T. / Record owner is also Beneficial Owner	FILIPINO	20	2.75%
COMMON				8,980	
FOUNDER	GO, DAISY T. 20 TOMAS CLAUDIO EXTENSION, ZAMBOANGA CITY	GO, DAISY T. / Record owner is also Beneficial Owner	FILIPINO	20	2.75%
COMMON				8,980	
FOUNDER	GO, LILIA L. 188 GOV. RAMOS AVENUE, ZAMBOANGA CITY	GO, LILIA L. / Record owner is also Beneficial Owner	FILIPINO	10	2.75%
COMMON				8,990	



FOUNDER COMMON	BAZAN, JAYBEE D. #6 PUTIK MCLL HIGHWAY ZAMBOANGA CITY	BAZAN, JAYBEE D. / Record owner is also Beneficial Owner	FILIPINO	20 8,980	2.75%
FOUNDER COMMON	Heir of ANG, ALEX CHINGMAN	Heir of ANG, ALEX CHINGMAN / Record owner is also Beneficial Owner	FILIPINO	10 6,490	2.04%
FOUNDER COMMON	ENRIQUEZ, AMADO JR. 73 WEST AVE. QUEZON CITY	ENRIQUEZ, AMADO JR. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%
FOUNDER COMMON	BELLEZA, LINDA ANN D. 28-C ALEJO ALVAREZ ZAMBOANGA CITY	BELLEZA, LINDA ANN D. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%
FOUNDER COMMON	ONG, EDUARDO A. FARMER'S DRIVE, GOV. RAMOS AVE., STA. MARIA, ZAMBOANGA CITY	ONG, EDUARDO A. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%
FOUNDER COMMON	SAHI, LIEZA G. DIONIO COMPOUND, VETERANS EXT., ZAMBOANGA CITY	SAHI, LIEZA G. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%
FOUNDER COMMON	TAMIN, JONATHAN JOHN F. 155-A SAN JOSE STREET, ZAMBOANGA CITY	TAMIN, JONATHAN JOHN F. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%
FOUNDER COMMON	TAN, KIM C. 222 GOVERNOR ALVAREZ STREET, ZAMBOANGA CITY	TAN, KIM C. / Record owner is also Beneficial Owner	FILIPINO	10 5,990	1.88%

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stocks. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Company and other factors.

There are no cash dividends or description of any restrictions that limit the payment of dividends. However, there were no dividends issued for the past two years because the company has no unrestricted retained earnings having commenced operations only last July 01, 2024.

RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

The Company has no recent sale of unregistered or exempt securities. Neither was there an a recent issuance of securities constituting an exempt transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) or PLAN OF OPERATION AS OF 23 December 2024

PLAN OF OPERATION

The operation of the hospital facility commenced last 01 July 2024.



The financial priorities of the corporation for the next twelve (12) months would include the finishing touches of the remaining patient wards, procurement of medical equipment including consumables required, continuous orders of pharmacy stocks, administrative fees, trainings required for Board of Directors, its Management, and proficient staff of the hospital, and other required monthly dues to keep the hospital operations going.

Revenue from operations is insufficient to meet the day-to-day expenses. The hospital just started operations on 01 July 2024, which means the hospital is only five (5) months old. The current financial position depends on the income to be generated by the hospital from its operations and the additional loan facility that it can secure. Due to the rising costs associated with running the operations, the Company must maximize all means to market its services to the public.

As of 23 December 2024, the company has two hundred ninety-two (292) employees and the Company's plan to hire additional employees would depend on whether the patient census will increase, following as well the required medical staff of the Department of Health per hospital level/category.

Premier Medical Center Zamboanga has the following services per floor:

Ground Floor (2,838 square meters)

Emergency Department
Animal Bite Center
Minor Operating Room
Hospital Lobby/Lounge/Reception
Radiology Department with MRI, CT-Scan, and Mammography
Pharmacy
Laboratory
Billing Section and Cashier
Admitting Office
Central Supply
Security

Second Floor (2,067 sq.m.)

Operating/Delivery Room Complex
Intensive Care Unit (ICU)
Endoscopy Unit
Neonatal Intensive Care Unit (NICU)
Catheterization Laboratory Complex

Third Floor (2,055 sq.m.)

Hemodialysis
Cardiology/Pulmonology Unit
Medical Arts for Internal Medicine with Sub-specialty (Clinics)

Fourth Floor (2,055 sq.m.)

Rehab Therapy Center and Gym
Medical Arts for Pediatrics, OB-Gyne, General Surgery and Sub-specialty, General Medicine and Family Medicine

Fifth Floor (2,055 sq.m.)

Patient Rooms
Male and Female Surgical Ward
Nurse Station



Sixth Floor (2,055 sq.m.)

Patient Rooms

Wards (Female, Stroke, Cancer Ward)

Nurse Station

Seventh Floor (2,055 sq.m.)

Patient Rooms

Wards (Male, Female, Special Ward)

Nurse Station

Eight Floor (2,055 sq.m.)

Patient Rooms

Wards (Pediatrics and Special Ward)

Nurse Station

Ninth Floor (2,037 sq.m.)

Executive Offices (Chairman, President, COO, Medical Director's Office) and Board Room

Administrative Offices

Residency Training Program (Residents Doctors' Dorm, Library, and Training Room)

Chapel and Muslim Prayer Room

Tenth Floor (2,037 sq.m.)

Lounge

Eye Center (Rooms: Diagnosis, Laser, Operating, Recovery, Data Rooms and Front Desk)

Dental Clinic

Patient Suite Rooms

Nurse Station

The Physician Shareholders and other affiliated visiting physicians approved by the Credentialing Committee were called to gather last June 26, 2024, a few days before the official soft-opening of the hospital for an orientation of the Medical Affairs Policies and Procedures and forms on Clinic occupancy.

On 02 August 2024, a re-orientation was conducted for the new affiliated physicians/clinicians, along with the other physician shareholders that were not able to attend the first Medical Affairs orientation.

RESULT OF OPERATIONS

	September 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Revenue	10,792,959	-	-	-
Direct Cost	(9,894,940)	-	-	-
Groff Profit/ (Loss)	898,019	-	-	-
Other Income	3,952,561	91,572	53,393	
Gross Income/ (Loss)	4,850,580	91,572	53,393	
General and Admin Expenses	(58,713,171)	(29,373,061)	(23,605,147)	(9,977,311)
Loss from Operations	(53,862,591)	(29,373,061)	(23,551,754)	(9,977,311)
Finance Cost	(27,579,062)	(16,969,576)	(12,083,284)	(5,258,906)



Net Loss Before Income Tax	(81,441,653)	(46,251,056)	(35,635,038)	(15,236,217)
Income Tax Expenses		11,564,016	(534)	
Net Loss	(81,441,653)	(34,687,040)	(35,635,572)	(15,236,217)
Other Comprehensive Income/ (Loss)				
Total Comprehensive Loss	(81,441,653)	(34,687,040)	(35,635,572)	(15,236,217)

STATEMENT OF FINANCIAL CONDITION

	Notes	9/30/2024	6/30/2024
ASSETS			
<i>Current Assets</i>			
Cash	2.4, 3	10,514,264	16,498,559
Other Current Assets	2.7, 4	92,540,513	86,228,046
Total Current Assets		103,054,777	102,726,605
<i>Noncurrent Assets</i>			
Property and Equipment, net	2.8, 5	140,363,509	138,381,040
Construction in Progress	2.8, 6	812,817,027	803,155,925
Intangible Asset, net	2.9, 7	122,958	127,568
Other Noncurrent Asset	8	4,609,112	4,609,112
Deferred MCIT	2.13, 18	98,080	16,925
Deferred Tax Asset	2.13, 18	11,564,016	11,564,016
Total Noncurrent Assets		969,574,702	957,854,586
TOTAL ASSETS		1,072,629,479	1,060,581,191
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current Liabilities</i>			
Trade and Other Payables	2.11, 9	36,623,269	77,339,114
Loans Payable	2.15, 10	750,000	750,000
Income Tax Payable	2.13, 18	81,155	15,627
Total Current Liabilities		37,454,424	78,104,741
<i>Noncurrent Liabilities</i>			
Loans Payable	2.15, 10	820,978,500	821,166,000
Deposit for Future Stock Subscription	2.16, 11	—	35,550,000
Total Noncurrent Liabilities		820,978,500	856,716,000
Total Liabilities		858,432,924	934,820,741
<i>Shareholders' Equity</i>			
Share Capital	2.17, 12	302,220,000	291,600,000
Authorized 359,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value Issued and outstanding 317,820 common shares at par; 600 founder shares at par			
Additional Paid-in Capital	2.19, 12	97,200,000	1,620,000
Deficit	2.18, 13	(185,223,445)	(167,459,550)
Total Shareholders' Equity		214,196,555	125,760,450
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,072,629,479	1,060,581,191



MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Financial Condition for Comparative periods September 30, 2024 and 2023

			Horizontal Analysis		Vertical Analysis	
	9/30/2024	12/31/2023	Inc./Dec.	%	9/30/2024	12/31/2023
Revenues	10,792,959	-	10,792,959	100%	100%	n/a
Cost of Revenues	(9,894,940)	-	(9,894,940)	100%	-92%	n/a
Gross Profit (Loss)	898,019	-	898,019	100%	8%	n/a
Other Income	3,952,561	91,572	3,860,989	4216%	37%	n/a
Operating Expenses	(58,713,171)	(29,373,061)	(29,340,110)	100%	-544%	n/a
Operating Loss	(53,862,591)	(29,281,489)	(24,581,102)	84%	-499%	n/a
Finance Cost	(27,579,062)	(16,969,567)	(10,609,495)	63%	-256%	n/a
Loss before Provision for Income Tax	(81,441,653)	(46,251,056)	(35,190,597)	146%	-755%	n/a
Provision for Income Tax	-	11,564,016	(11,564,016)	-100%	0%	n/a
NET LOSS	(81,441,653)	(34,687,040)	(46,754,613)	46%	-755%	n/a

Revenues, Cost of revenues and Gross Profit

At the end of the 1st quarter period September 30, 2024, Revenue amounted to P10.79M, which derived from Inpatient Admission, Pharmacy, Laboratory, Radiology, Emergency Room, Out-patient and Hemodialysis. Cost of revenues (Direct cost). Revenues exceed the cost of revenues resulting in gross profit of P898K. These direct costs comprise the cost directly attributable to the hospital services such medical supplies and drugs.

Other Income

Other income is mostly derived from income from patient transportation service, income from doctors clinic rental and income from bank deposits.

Operating Expenses

For the 1st quarter ended September 30, 2024, Operating expenses amounted to P 58.71M which was higher by 100% (P29.37M). This can be mainly an increase of Salaries and Allowances, Utilities and Depreciation.

Finance Costs

Finance costs during the nine months ended September 30, 2024, amounted to 27,579,062, representing a 63% increase from 16,969,567 as of December 31, 2023. These costs primarily relate to interest expenses on bank loans obtained for the construction of hospital facilities and the acquisition of advanced medical equipment. The increase is attributable to higher loan utilization to fund these capital-intensive projects, which are essential to expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are



	recorded as expenses in the statement of profit or loss. Despite the significant rise in finance costs, these investments are expected to yield long-term operational and financial benefits.
Finance Costs	Finance costs during the nine months ended September 30, 2024, amounted to 27,579,062, representing a 63% increase from 16,969,567 as of December 31, 2023. These costs primarily relate to interest expenses on bank loans obtained for the construction of hospital facilities and the acquisition of advanced medical equipment. The increase is attributable to higher loan utilization to fund these capital-intensive projects, which are essential to expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are recorded as expenses in the statement of profit or loss. Despite the significant rise in finance costs, these investments are expected to yield long-term operational and financial benefits.

Changes in Financial Condition for Comparative periods December 31, 2023 and 2022

	Horizontal Analysis				Vertical Analysis	
	12/31/2023	12/31/2022	Inc./Dec.	%	12/31/2023	12/31/2022
Revenues	-	-			n/a	n/a
Cost of Revenues	-	-			n/a	n/a
Gross Profit (Loss)	-	-			n/a	n/a
Other Income	91,572	53,393	38,179	72%	n/a	n/a
Operating Expenses	(29,373,061)	(23,605,147)	(5,767,914)	24%	n/a	n/a
Operating Loss	(29,281,489)	(23,551,754)	(5,729,735)	24%	n/a	n/a
Finance Cost	(16,969,567)	(12,083,284)	(4,886,283)	40%	n/a	n/a
Loss before Provision for Income Tax	(46,251,056)	(35,635,038)	(10,616,018)	65%	n/a	n/a
Provision for Income Tax	11,564,016	(534)	11,564,550	-2165646%	n/a	n/a
NET LOSS	(34,687,040)	(35,635,572)	948,532	-2165581%	n/a	n/a

Revenues, Cost of revenues and Gross Profit	The Hospital did not earn any revenues for the years ended December 31, 2023 and 2022 due to non-operation
Other Income	Other income is mostly derived from income from patient transportation service, and income from bank deposits.
Operating Expenses	For the year ended December 31, 2023, Operating expenses amounted to P 29.37M which was higher by 24% (P4.87M). This can be mainly an increase of Salaries and Allowances, Utilities and Depreciation.
Finance Costs	Finance costs for the year ended December 31, 2023, amounted to 16.97M, representing a 40%



	increase from 12.08M as of December 31, 2022. These costs primarily relate to interest expenses on bank loans obtained for the construction of hospital facilities and the acquisition of advanced medical equipment. The increase is attributable to higher loan utilization to fund these capital-intensive projects, which are essential to expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are recorded as expenses in the statement of profit or loss.
Net Income (Loss)	For the year ended December 31, 2023, the company reported a net loss of 34,687,040, reflecting a slight improvement of 948,532 compared to a net loss of 35,635,572 in 2022. The reduction in net loss is primarily attributable to an increase in other income, which grew by 38,179, or 72%, as well as the recognition of a 11,564,016 provision for income tax, compared to a minimal provision in the prior year. However, the improvement was offset by a significant rise in operating expenses, which increased by 5,767,914 (24%), and finance costs, which grew by 4,886,283 (40%) due to increased borrowings for infrastructure and equipment investments.

Changes in Financial Condition for Comparative periods December 31, 2022 and 2021

	Horizontal Analysis				Vertical Analysis	
	12/31/2022	12/31/2021	Inc./Dec.	%	12/31/2023	12/31/2022
Revenues	-	-			n/a	n/a
Cost of Revenues	-	-			n/a	n/a
Gross Profit (Loss)	-	-			n/a	n/a
Other Income	53,393	-	53,393	100%	n/a	n/a
Operating Expenses	(23,605,147)	(9,977,311)	(13,627,836)	137%	n/a	n/a
Operating Loss	(23,551,754)	(9,977,311)	(13,574,443)	136%	n/a	n/a
Finance Cost	(12,083,284)	(5,258,906)	(6,824,378)	130%	n/a	n/a
Loss before Provision for Income Tax	(35,635,038)	(15,236,217)	(20,398,821)	266%	n/a	n/a
Provision for Income Tax	(534)		(534)	0%	n/a	n/a
NET LOSS	(35,635,572)	(15,236,217)	(20,399,355)	266%	n/a	n/a

Revenues, Cost of revenues and Gross Profit	The Hospital did not earn any revenues for the years ended December 31, 2022 and 2021 due to non-operation
Other Income	Other income is mostly derived from income from patient transportation service, and income from bank deposits.
Operating Expenses	For the year ended December 31, 2022, Operating expenses amounted to P 23.61M



	which was higher by 137% (P13.63M). This can be mainly an increase of Salaries and Allowances, Utilities and Depreciation.
Finance Costs	Finance costs for the year ended December 31, 2022, amounted to 12.08M, representing a 130% increase from 5.26M as of December 31, 2021. These costs primarily relate to interest expenses on bank loans obtained for the construction of hospital buildings and the acquisition of advanced medical equipment. The increase is attributable to higher loan utilization to fund these capital-intensive projects, which are essential to expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are recorded as expenses in the statement of profit or loss.
Net Income (Loss)	For the year ended December 31, 2022, the company recorded a net loss of 35,635,572, an increase of 20,399,355, or 266%, compared to a net loss of 15,236,217 in 2021. This significant deterioration in performance was primarily driven by a substantial rise in operating expenses, which increased by 13,627,836 (137%) due to higher costs associated with strategic investments. Additionally, finance costs rose by 6,824,378 (130%), reflecting increased borrowing to support expansion activities. Despite the introduction of another income of 53,393, it was insufficient to offset the rising expenses. The company remains committed to managing its cost structure and leveraging its strategic investments to achieve sustainable financial performance in the future.



Changes in Financial Condition for Comparative periods September 30, 2024 and 2023

	Horizontal Analysis				Vertical Analysis	
	9/30/2024	12/31/2023	Inc./Dec.	%	9/30/2024	12/31/2023
ASSETS						
<i>Current Assets</i>						
Cash	46,064,264	957,640	45,106,624	4710.19%	4.16%	0.09%
Other Current Assets	92,540,513	83,021,923	9,518,590	11.47%	8.35%	8.15%
Total Current Assets	138,604,777	83,979,563	54,625,214	65.05%	12.51%	8.25%
<i>Noncurrent Assets</i>						
Property and Equipment, net	140,363,509	136,618,257	3,745,252	2.74%	12.67%	13.41%
Construction in Progress	812,817,027	781,630,486	31,186,541	3.99%	73.35%	76.74%
Intangible Asset, net	122,958	136,787	(13,829)	-10.11%	0.01%	0.01%
Other Noncurrent Asset	4,609,112	4,609,112	-	0.00%	0.42%	0.45%
Deferred MCIT	98,080	1,298	96,782	7456.24%	0.01%	0.00%
Deferred Tax Asset	11,564,016	11,564,016	-	0.00%	1.04%	1.14%
Total Noncurrent Assets	969,574,702	934,559,956	35,014,746	3.75%	87.49%	91.75%
TOTAL ASSETS	1,108,179,479	1,018,539,519	89,639,960	8.80%	100.00%	100.00%
LIABILITIES AND SHAREHOLDERS' EQUITY						
<i>Current Liabilities</i>						
Trade and Other Payables	36,623,269	76,127,419	(39,504,150)	-51.89%	3.30%	7.47%
Loans Payable	750,000	31,900,331	(31,150,331)	-97.65%	0.07%	3.13%
Income Tax Payable	81,155	1,298	79,857	6152.31%	0.01%	0.00%
Total Current Liabilities	37,454,424	108,029,048	(70,574,624)	-65.33%	3.38%	10.61%
<i>Noncurrent Liabilities</i>						
Loans Payable	820,978,500	690,742,263	130,236,237	18.85%	74.08%	67.82%
Deposit for Future Stock Subscription	35,550,000	35,550,000	-	0.00%	3.21%	3.49%
Total Noncurrent Liabilities	856,528,500	726,292,263	130,236,237	17.93%	77.29%	71.31%
Total Liabilities	893,982,924	834,321,311	59,661,613	7.15%	80.67%	81.91%
<i>Shareholders' Equity</i>						
Share Capital	302,220,000	288,000,000	14,220,000	4.94%	27.27%	28.28%
<i>Authorized 359,400 common shares at Php 1,000 par value; 600 founder shares at Php 1,000 par value</i>						
<i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i>						
Additional Paid-in Capital	97,200,000		97,200,000	n/a	8.77%	0.00%
Deficit	(185,223,445)	(103,781,792)	(81,441,653)	78.47%	-16.71%	-10.19%
Total Shareholders' Equity	214,196,555	184,218,208	29,978,347	16.27%	19.33%	18.09%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,108,179,479	1,018,539,519	89,639,960	8.80%	100.00%	100.00%

ASSETS

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed from availing loans from the bank and initial collection from its revenue during the 3rd quarter of operations. Even though the hospital had already operated, it faced challenges at the inception of its actual operation. One of its vital challenges is to increase the number of patient admission to sustain its daily operation. Another is the reliance on its affiliate doctors for their referrals. We are positive to see reversals of these challenges for the upcoming quarters and through the years as we continue



	providing hospital services to the people.
Other current assets	As of September 30, 2024, the other current assets amounted to 92.54M which consists of Input VAT Carry-Over and Advances to Suppliers.
Property and Equipment	The net value of property and equipment increased by 3,745,252, or 2.74%, mainly due to the acquisition of hospital and medical supporting operational growth.
Construction in Progress	Pertains to the construction of the hospital building. As of to date, the hospital is 98% complete. Construction in progress increased by 31,186,541, or 3.99%, reflecting ongoing investments in facilities and infrastructure development.
Intangible Assets	Intangible assets, net, decreased slightly by 13,829, or 10.11%, due to amortization over the period.
Other Noncurrent Assets	This account includes energy deposits that were paid during the installation of hospital electricity.
Deferred MCIT and Tax Assets	Deferred MCIT: Deferred MCIT surged by 96,782, or 7456.24%, reflecting the recognition of additional tax credits. Deferred Tax Asset: The deferred tax asset remained constant at 11,564,016, indicating no significant changes in expected tax benefits.
<u>LIABILITIES</u>	
Trade and Other Payables	This account consists of the following: Accounts Payable - contractors and suppliers, Accrued expenses and SSS, PHIC and HDMF payables. Trade and other payables decreased by 39,504,150, or 51.89%, from 76,127,419 to 36,623,269, reflecting the settlement of short-term obligations.
Loans Payable	The Hospital previously entered into two term loan agreements with the Development Bank of the Philippines (DBP), one in 2018 and another in 2021. During the interim period September 30, 2024, the Hospital entered into six(6) term loan agreements with the Bank of the Philippine Islands (BPI), all of which were acquired during the year 2024. BPI loans were used to take out loan outstanding balances with DBP and partly finance the construction of hospital buildings and acquisition of hospital equipment and building utilities.
Deposit for Future Stock Subscription	The Deposit for Future Stock Subscription represents funds amounting to 35,550,000 received from investors in anticipation of the issuance of additional shares of the company's capital stock. These deposits are held in accordance with agreements specifying the future issuance of shares at an agreed subscription price. As of September 30, 2024, no shares have been issued in exchange for these deposits, and the funds remain classified as noncurrent liabilities in the statement of financial position. The company intends to finalize the issuance of shares upon fulfillment of all regulatory requirements and board approvals.





EQUITY

Capital Shares	<p>The authorized share capital of the company as of September 30, 2024, is Php360,000,000, consisting of the following:</p> <p>a. Common Shares: 359,400 shares authorized with a par value of Php1,000 per share. As of September 30, 2024, the subscribed and issued common shares amounted to Php 317,820,000, reflecting the conversion of Php 151,000,000 from preferred shares and new issuances totaling Php12,420,000 during the year.</p> <p>b. Founder Shares: 600 shares authorized and fully subscribed with a par value of Php1,000 per share, amounting to Php600,000.</p> <p>c. Preferred Shares: Previously authorized preferred share capital of Php180,000,000 was converted into common shares during the year, leaving no outstanding preferred shares as of September 30, 2024.</p> <p>As of September 30, 2024, the total paid-up share capital amounted to Php 302,220,000, reflecting the common and founder shares net of subscription receivables.</p>
Subscription Receivables	<p>Subscription receivable as of September 30, 2024, stood at Php16,200,000, down from Php18,000,000 at the beginning of the year due to collections amounting to Php1,800,000.</p>
Additional Paid-In Capital (APIC)	<p>The APIC account represents premiums on share issuances above par value. During the year, the company recognized Php 97,200,000 in APIC from the issuance of common shares at prices above their par value.</p>
Deficit	<p>The deficit reflects the accumulated losses of the company. As of September 30, 2024, the deficit totaled Php 185,223,445, increasing from Php 103,781,792 at the beginning of the year. The increase primarily resulted from a net loss of Php81,441,653 incurred during the period.</p>



Changes in Financial Condition for Comparative periods December 31, 2023 and 2022

	Horizontal Analysis				Vertical Analysis	
	12/31/2023	12/31/2022	Inc./Dec.	%	12/31/2023	12/31/2022
ASSETS						
<i>Current Assets</i>						
Cash	957,640	51,004,080	(50,046,440)	-98.12%	0.09%	5.00%
Other Current Assets	83,021,923	80,125,502	2,896,421	3.61%	8.15%	7.85%
Total Current Assets	83,979,563	131,129,582	(47,150,019)	-35.96%	8.25%	12.85%
<i>Noncurrent Assets</i>						
Property and Equipment, net	136,618,257	143,406,192	(6,787,935)	-4.73%	13.41%	14.06%
Construction in Progress	781,630,486	740,847,452	40,783,034	5.50%	76.74%	72.62%
Intangible Asset, net	136,787	155,224	(18,437)	-11.88%	0.01%	0.02%
Other Noncurrent Asset	4,609,112	4,609,112	-	0.00%	0.45%	0.45%
Deferred MCIT	1,298	-	1,298	na	0.00%	0.00%
Deferred Tax Asset	11,564,016	-	11,564,016	na	1.14%	0.00%
Total Noncurrent Assets	934,559,956	889,017,980	45,541,976	5.12%	91.75%	87.15%
TOTAL ASSETS	1,018,539,519	1,020,147,562	(1,608,043)	-0.16%	100.00%	100.00%
LIABILITIES AND SHAREHOLDERS' EQUITY						
<i>Current Liabilities</i>						
Trade and Other Payables	76,127,419	66,483,780	9,643,639	14.51%	7.47%	6.52%
Loans Payable	31,900,331	65,116,355	(33,216,024)	-51.01%	3.13%	6.38%
Income Tax Payable	1,298	534	764	143.07%	0.00%	0.00%
Total Current Liabilities	108,029,048	131,600,669	(23,571,621)	-17.91%	10.61%	12.90%
<i>Noncurrent Liabilities</i>						
Loans Payable	690,742,263	672,183,645	18,558,618	2.76%	67.82%	65.89%
Deposit for Future Stock Subscription	35,550,000	-	35,550,000	n/a	3.49%	0.00%
Total Noncurrent Liabilities	726,292,263	672,183,645	54,108,618	8.05%	71.31%	65.89%
Total Liabilities	834,321,311	803,784,314	30,536,997	3.80%	81.91%	78.79%
<i>Shareholders' Equity</i>						
Share Capital	288,000,000	285,458,000	2,542,000	0.89%	28.28%	27.98%
<i>Authorized 359,400 common shares at Php 1,000 par value; 600 founder shares at Php 1,000 par value Issued and outstanding 318,420 common shares at par, including 600 founder shares at par</i>						
Additional Paid-in Capital				n/a	0.00%	0.00%
Deficit	(103,781,792)	(69,094,752)	(34,687,040)	50.20%	-10.19%	-6.77%
Total Shareholders' Equity	184,218,208	216,363,248	(32,145,040)	-14.86%	18.09%	21.21%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,018,539,519	1,020,147,562	(1,608,043)	-0.16%	100.00%	100.00%

ASSETS

Cash and Cash Equivalents

The cash balance as of December 31, 2023, significantly decreased by Php50,046,440 (98.12%) to Php957,640, primarily due to substantial outflows for hospital building construction and acquisition of medical equipment. This represents only 0.09% of total assets as of December 31, 2023.

Other current assets

Other current assets rose by Php2,896,421 (3.61%) to Php 83,021,923 as of December 31, 2023. This increase reflects higher Input Tax Over and advances to suppliers, representing 7.85% of total assets.





Property and Equipment	Property and equipment, net of accumulated depreciation, declined by Php6,787,935 (4.73%) to Php 136,618,257 as of December 31, 2023. The decrease is attributable to depreciation exceeding acquisitions, representing 14.06% of total assets.
Construction in Progress	Construction in progress increased by Php40,783,034 (5.50%) to Php 781,630,486, reflecting ongoing capital projects as of December 31, 2023. This account represents the largest proportion of total assets at 76.74% by December 31, 2023.
Intangible Assets	Intangible assets decreased by Php18,437 (11.88%) to Php 136,787 due to amortization. These represent computer software or intellectual property investments.
Other Noncurrent Assets	This account includes energy deposits that were paid during the installation of hospital electricity.
Deferred MCIT and Tax Assets	Deferred MCIT: A deferred minimum corporate income tax (MCIT) asset of Php1,298 was recorded, arising from tax credits. Deferred Tax Asset: A new deferred tax asset of Php11,564,016 was recognized in 2023 due to deductible temporary differences.
<u>LIABILITIES</u>	
Trade and Other Payables	Trade and other payables increased by Php9,643,639 (14.51%) to Php 76,127,419 as of December 31, 2023. This increase is due to higher accrued expenses and accounts payable, representing 6.52% of total assets.
Loans Payable	The Hospital previously entered into two term loan agreements with the Development Bank of the Philippines (DBP), one in 2018 and another in 2021. The first loan is wholly secured by the Company's Land and project under construction, while the second loan is secured with movable assets with its security agreement with DBP, as well as the receivables arising from the Philippine Health Insurance Corporation.
Deposit for Future Stock Subscription	The Deposit for Future Stock Subscription represents funds amounting to 35,550,000 received from investors in anticipation of the issuance of additional shares of the company's capital stock. These deposits are held in accordance with agreements specifying the future issuance of shares at an agreed subscription price. As of reporting date, the deposit for future stock subscription is recognized as a noncurrent liability since it does not meet all the requirements enumerated by the Security and Exchange Commission (SEC).
<u>EQUITY</u>	
Capital Shares	The Company is authorized to issue a total share capital of Php360,000,000, consisting of the following: Preferred Shares: Php180,000,000 Common Shares: Php 179,400,000 (359,400 shares at Php1,000 par value)



	<p>Founder Shares: Php600,000 (600 shares at Php1,000 par value) The authorized share capital remained unchanged from the previous year.</p> <p>Total paid-up share capital as of December 31, 2023, amounted to Php 288,000,000, reflecting a slight increase of Php2,542,000 due to collections on subscription receivables.</p>
Subscription Receivables	The subscription receivable as of December 31, 2023, decreased to Php18,000,000 from Php20,542,000 due to collections amounting to Php2,542,000 during the year.
Additional Paid-In Capital (APIC)	No additional paid-in capital was recognized during 2023, and the account balance remained at zero as of December 31, 2023.
Deficit	Shareholders' equity amounted to Php 184,218,208 as of December 31, 2023, reflecting a decrease of Php32,145,040 (14.86%) from Php 216,363,248 as of December 31, 2022. This decline is primarily due to the net loss incurred during the year.

Changes in Financial Condition for Comparative periods December 31, 2022 and 2021

	Horizontal Analysis				Vertical Analysis	
	12/31/2022	12/31/2021	Inc./Dec.	%	12/31/2022	12/31/2021
ASSETS						
<i>Current Assets</i>						
Cash	51,004,080	13,329,211	37,674,869	282.65%	5.00%	1.84%
Other Current Assets	80,125,502	63,939,839	16,185,663	25.31%	7.85%	8.81%
Total Current Assets	131,129,582	77,269,050	53,860,532	69.71%	12.85%	10.65%
<i>Noncurrent Assets</i>						
Property and Equipment, net	143,406,192	90,942,504	52,463,688	57.69%	14.06%	12.53%
Construction in Progress	740,847,452	557,372,311	183,475,141	32.92%	72.62%	76.80%
Intangible Asset, net	155,224	173,661	(18,437)	-10.62%	0.02%	0.02%
Other Noncurrent Asset	4,609,112	-	4,609,112	n/a	0.45%	0.00%
Deferred MCIT	-	-	-	n/a	0.00%	0.00%
Deferred Tax Asset	-	-	-	n/a	0.00%	0.00%
Total Noncurrent Assets	889,017,980	648,488,476	240,529,504	37.09%	87.15%	89.35%
TOTAL ASSETS	1,020,147,562	725,757,526	294,390,036	40.56%	100.00%	100.00%
LIABILITIES AND SHAREHOLDERS' EQUITY						
<i>Current Liabilities</i>						
Trade and Other Payables	66,483,780	64,518,527	1,965,253	3.05%	6.52%	8.89%
Loans Payable	65,116,355	-	65,116,355	n/a	6.38%	0.00%
Income Tax Payable	534	-	534	n/a	0.00%	0.00%
Total Current Liabilities	131,600,669	64,518,527	67,082,142	103.97%	12.90%	8.89%
<i>Noncurrent Liabilities</i>						
Loans Payable	672,183,645	607,500,000	64,683,645	10.65%	65.89%	83.71%
Deposit for Future Stock Subscription	-	-	-	n/a	-	-
Total Noncurrent Liabilities	672,183,645	607,500,000	64,683,645	10.65%	65.89%	83.71%
Total Liabilities	803,784,314	672,018,527	131,765,787	19.61%	78.79%	92.60%
<i>Shareholders' Equity</i>						
Share Capital	285,458,000	85,607,000	199,851,000	233.45%	27.98%	11.80%
<i>Authorized 359,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value</i>						
<i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i>						
Additional Paid-in Capital						
Deficit	(69,094,752)	(31,868,001)	(37,226,751)	116.82%	-6.77%	-4.39%
Total Shareholders' Equity	216,363,248	53,738,999	162,624,249	302.62%	21.21%	7.40%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,020,147,562	725,757,526	294,390,036	40.56%	100.00%	100.00%



<u>ASSETS</u>	
Cash and Cash Equivalents	The company's cash balance increased significantly by Php37,674,869, a growth of 282.65%, from Php13,329,211 in 2021 to Php 51,004,080 in 2022. This increase reflects enhanced liquidity from operational cash flows and effective cash management during the year. Cash comprised 5.00% of total assets in 2022, up from 1.84% in the prior year.
Other current assets	Other current assets grew by Php16,185,663, or 25.31%, from Php63,939,839 in 2021 to Php 80,125,502 in 2022. The increase was due to higher levels of Input tax Carry Over, which constituted 7.85% of total assets in 2022, slightly lower than 8.81% in 2021.
Property and Equipment	Property and equipment, net, increased by Php52,463,688, or 57.69%, from Php90,942,504 in 2021 to Php 143,406,192 in 2022. This increase reflects investments in fixed assets for Hospital and Medical Equipment contributing 14.06% of total assets in 2022, up from 12.53% in 2021.
Construction in Progress	Construction in progress rose by Php 183,475,141, or 32.92%, from Php557,372,311 in 2021 to Php 740,847,452 in 2022. This category represented the largest portion of the company's total assets at 72.62%, slightly lower than the 76.80% share in 2021. The growth indicates ongoing capital projects aimed at expansion and development.
Intangible Assets	Intangible assets, net, decreased slightly by Php18,437, or 10.62%, from Php 173,661 in 2021 to Php 155,224 in 2022. These represent computer software or intellectual property investments.
Other Noncurrent Assets	This account includes energy deposits that were paid during the installation of hospital electricity.
Deferred MCIT and Tax Assets	
<u>LIABILITIES</u>	
Trade and Other Payables	Trade and other payables rose by Php1,965,253, or 3.05%, from Php 64,518,527 in 2021 to Php 66,483,780 in 2022. This moderate increase was due to additional obligations incurred during the year, representing 6.52% of total assets in 2022, down from 8.89% in 2021. This account represents amount payable to contractors, Trade and other payables are non-interest bearing and are payable within one year after reporting period
Loans Payable	The Hospital previously entered into two term loan agreements with the Development Bank of the Philippines (DBP), one in 2018 and another in 2021. The first loan is wholly secured by the Company's Land and project under construction, while the second loan is secured with movable assets with its security agreement with DBP, as well as the receivables arising from the



	Philippine Health Insurance Corporation. The total outstanding loan payable is P737.3M for the year ended December 31, 2022.
Deposit for Future Stock Subscription	The Deposit for Future Stock Subscription represents funds amounting to 35,550,000 received from investors in anticipation of the issuance of additional shares of the company's capital stock. These deposits are held in accordance with agreements specifying the future issuance of shares at an agreed subscription price. As of reporting date, the deposit for future stock subscription is recognized as a noncurrent liability since it does not meet all the requirements enumerated by the Security and Exchange Commission (SEC).
<u>EQUITY</u>	
Capital Shares	<p>The Company is authorized to issue a total share capital of Php360,000,000, consisting of the following:</p> <p>Preferred Shares: Php180,000,000 Common Shares: Php 179,400,000 (359,400 shares at Php1,000 par value) Founder Shares: Php600,000 (600 shares at Php1,000 par value)</p> <p>The authorized share capital remained unchanged from the previous year.</p> <p>Total paid-up share capital increased by Php199,851,000, from Php85,607,000 in 2021 to Php 285,458,000 in 2022. This significant increase was primarily due to the collection of subscription receivables.</p>
Subscription Receivables	The subscription receivable balance decreased from Php 216,393,000 in 2021 to Php20,542,000 in 2022, reflecting significant collections amounting to Php 199,851,000 during the year. This is offset by additional receivables from subscriptions of Php4,000,000 in 2022.
Additional Paid-In Capital (APIC)	No additional paid-in capital was recognized during 2022, and the account balance remained at zero as of December 31, 2022.
Deficit	<p>The company's deficit widened from Php31,868,001 in 2021 to Php69,094,752 in 2022. The increase includes:</p> <p>A prior period adjustment of Php1,591,179, which increased the beginning deficit for 2022.</p> <p>A net loss for the year amounting to Php35,635,572.</p>



STATEMENT OF FINANCIAL POSITION
(In Philippine Peso)

	9/30/2024	12/31/2023	12/31/2022	12/31/2021
ASSETS				
<i>Current Assets</i>				
Cash	46,064,264	957,640	51,004,080	13,329,211
Other Current Assets	92,540,513	83,021,923	80,125,502	63,939,839
Total Current Assets	138,604,777	83,979,563	131,129,582	77,269,050
<i>Noncurrent Assets</i>				
Property and Equipment, net	140,363,509	136,618,257	143,406,192	90,942,504
Construction in Progress	812,817,027	781,630,486	740,847,452	557,372,311
Intangible Asset, net	122,958	136,787	155,224	173,661
Other Noncurrent Asset	4,609,112	4,609,112	4,609,112	-
Deferred MCIT	98,080	1,298	-	-
Deferred Tax Asset	11,564,016	11,564,016	-	-
Total Noncurrent Assets	969,574,702	934,559,956	889,017,980	648,488,476
TOTAL ASSETS	1,108,179,479	1,018,539,519	1,020,147,562	725,757,526
LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Current Liabilities</i>				
Trade and Other Payables	36,623,269	76,127,419	66,483,780	64,518,527
Loans Payable	750,000	31,900,331	65,116,355	-
Income Tax Payable	81,155	1,298	534	-
Total Current Liabilities	37,454,424	108,029,048	131,600,669	64,518,527
<i>Noncurrent Liabilities</i>				
Loans Payable	820,978,500	690,742,263	672,183,645	607,500,000
Deposit for Future Stock Subscription	35,550,000	35,550,000	-	-
Total Noncurrent Liabilities	856,528,500	726,292,263	672,183,645	607,500,000
Total Liabilities	893,982,924	834,321,311	803,784,314	672,018,527
<i>Shareholders' Equity</i>				
Share Capital	302,220,000	288,000,000	285,458,000	85,607,000
<i>Authorized 359,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i>				
Additional Paid-in Capital	97,200,000			
Deficit	(185,223,445)	(103,781,792)	(69,094,752)	(31,868,001)
Total Shareholders' Equity	214,196,555	184,218,208	216,363,248	53,738,999
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,108,179,479	1,018,539,519	1,020,147,562	725,757,526

Discussion and Analysis of the Statement of Financial Position

The Statement of Financial Position provides a snapshot of a company's financial standing as of the specified dates. In this case, the data covers the years 2021, 2022, 2023, and a partial year ending September 30, 2024. The key components of this statement include Assets, Liabilities, and Shareholders' Equity. Below is a detailed discussion and analysis of these sections:

1. Assets

a) Current Assets

Current Assets represent the resources that the company expects to convert into cash or use up within one year. The movement in current assets over the years is as follows:



- **Cash:**

The cash balance saw a substantial increase from ₱13.33 million in 2021 to ₱46.06 million in 2024 (a growth of over 245%). This indicates significant cash generation in 2024 compared to prior years, reflecting either higher revenue, better cash management, or proceeds from financing activities.

- **Other Current Assets:**

These assets primarily represent receivables, inventories, and other short-term assets. It has increased steadily from ₱63.94 million in 2021 to ₱92.54 million in 2024. The increase of ₱28.6 million between 2023 and 2024 (around 11.2%) suggests that the company has been able to expand its operations or accumulate more receivables and inventories.

- **Total Current Assets:**

The total current assets have grown significantly over the period, reaching ₱138.60 million in 2024, up from ₱77.27 million in 2021. This increase reflects overall growth in the company's short-term resources, which supports the cash flow and liquidity position.

b) Noncurrent Assets

Noncurrent assets include long-term investments, property, and intangible assets.

- **Property and Equipment (net):**

The company's investment in property and equipment has increased from ₱90.94 million in 2021 to ₱140.36 million in 2024. This suggests continued capital expenditure, possibly for expansion or upgrading of assets.

- **Construction in Progress:**

This account shows significant growth over the period, particularly from ₱557.37 million in 2021 to ₱812.82 million in 2024. The substantial increase indicates ongoing construction or development projects that are likely aimed at future expansion.

- **Intangible Assets (net):**

The intangible asset balance has been declining, from ₱173.66 million in 2021 to ₱122.96 million in 2024. This decrease could be due to amortization or impairment of intangible assets such as patents, trademarks, or goodwill.

- **Other Noncurrent Assets & Deferred Tax Assets:**

These accounts have remained relatively stable. The Deferred Tax Asset (₱11.56 million in 2024) indicates the company is carrying forward tax benefits or losses to be used in future periods.

- **Total Noncurrent Assets:**

Noncurrent assets have grown significantly, reaching ₱969.57 million in 2024, up from ₱648.49 million in 2021. The substantial increase is mainly due to the increase in "Construction in Progress", which suggests that the company is heavily investing in long-term infrastructure and expansion.

c) Total Assets:

Total assets increased by 53% from ₱725.76 million in 2021 to ₱1.11 billion in 2024. The increase is a result of both growth in current and noncurrent assets, particularly the investments in property, equipment, and construction in progress. This growth could indicate that the company is in an expansion phase, focusing on scaling operations.

2. Liabilities

a) Current Liabilities

Current liabilities represent obligations the company must settle within a year. These include trade payables, loans payable, and tax liabilities.

- **Trade and Other Payables:**

These payables have fluctuated over the years. From ₱64.52 million in 2021, it surged to ₱76.13 million in 2023 before decreasing to ₱36.62 million in 2024. The reduction in 2024 could indicate improved supplier terms, faster payments, or lower outstanding trade payables.



- **Loans Payable:**

Loans payable have varied significantly over the years. The balance grew from ₱0 in 2021 to ₱31.90 million in 2023 and then sharply decreased to ₱0.75 million in 2024. This suggests that the company took on short-term debt in 2023 but has since reduced or settled these obligations.

- **Income Tax Payable:**

The income tax payable balance has been relatively low, indicating either low profitability in previous periods or efficient tax planning.

- **Total Current Liabilities:**

The current liabilities peaked at ₱131.60 million in 2022 but declined significantly to ₱37.45 million in 2024. This is a positive trend, reflecting better management of short-term debts and obligations.

b) Noncurrent Liabilities

Noncurrent liabilities are long-term obligations the company will settle after one year.

- **Loans Payable (Long-Term):**

The loans payable balance has increased substantially from ₱607.5 million in 2021 to ₱820.98 million in 2024. This suggests the company has been taking on long-term debt, likely to fund its capital-intensive projects, such as construction in progress.

- **Deposit for Future Stock Subscription:**

The deposit for future stock subscription of ₱35.55 million in 2024 and 2023 indicates that the company is raising funds through future equity issuance.

- **Total Noncurrent Liabilities:**

The total noncurrent liabilities have grown from ₱607.5 million in 2021 to ₱856.53 million in 2024, reflecting the company's reliance on long-term debt to finance its expansion.

c) Total Liabilities:

Total liabilities grew from ₱672.02 million in 2021 to ₱893.98 million in 2024, an increase of approximately 33%. The increase in liabilities is largely due to long-term borrowings, which may have been used for the company's investments in construction and property. While total liabilities have increased, the reduction in current liabilities in 2024 suggests better short-term debt management.

3. Shareholders' Equity

Shareholders' equity represents the residual interest in the company after deducting liabilities from assets.

- **Share Capital:**

Share capital has grown significantly, from ₱85.61 million in 2021 to ₱302.22 million in 2024. This increase is due to the issuance of more shares, likely as part of a capital-raising effort to fund the company's expansion.

- **Additional Paid-in Capital:**

The company recorded ₱97.20 million in additional paid-in capital, suggesting that the company issued shares at a price above par value.

- **Deficit:**

The deficit (accumulated losses) has increased from ₱31.87 million in 2021 to ₱185.22 million in 2024, showing that the company has been incurring losses over the years. However, this could be due to heavy investments in infrastructure and expansion, which could reduce profitability in the short term but are expected to pay off in the long term.

- **Total Shareholders' Equity:**

The shareholders' equity has shown a notable increase, rising from ₱53.74 million in 2021 to ₱214.20 million in 2024. This increase is primarily driven by the issuance of new shares and the infusion of capital.



4. Analysis

The company has undergone significant growth in the past few years, particularly in its asset base. The increase in both current and noncurrent assets, particularly investments in construction and equipment, suggests a focus on expansion. However, the company has also taken on considerable debt, particularly in the form of long-term loans, to finance this expansion. The steady increase in shareholders' equity through new capital raises reflects investor confidence, though the increasing deficit suggests that the company is currently not profitable, likely due to its investments.

The company is in a growth phase, balancing between expanding its operations and managing rising liabilities. The large increase in cash, despite the deficit, is a positive indicator, as it suggests liquidity and financial flexibility. However, the company will need to start turning these investments into profitability to ensure sustainable long-term growth.

STATEMENT OF COMPREHENSIVE INCOME

(In Philippine Peso)

	9/30/2024	12/31/2023	12/31/2022	12/31/2021
Revenues	10,792,959	-	-	-
Cost of Revenues	(9,894,940)	-	-	-
Gross Profit	898,019	-	-	-
Other Income	3,952,561	91,572	53,393	-
Operating Expenses	(58,713,171)	(29,373,061)	(23,605,147)	(9,977,311)
Operating Loss	(53,862,591)	(29,281,489)	(23,551,754)	(9,977,311)
Finance Cost	(27,579,062)	(16,969,567)	(12,083,284)	(5,258,906)
Loss before Provision for Income Tax	(81,441,653)	(46,251,056)	(35,635,038)	(15,236,217)
Provision for Income Tax		11,564,016	(534)	
NET LOSS	(81,441,653)	(34,687,040)	(35,635,572)	(15,236,217)
LOSS PER SHARE	(255.77)	(223.79)	(229.91)	(123.87)
Number of Shares Outstanding	318,420.00	155,000.00	155,000.00	123,000.00

Discussion and Analysis Statement of Comprehensive Income

The **Statement of Comprehensive Income** provides an overview of the company's financial performance over a specific period. The key components include **Revenues**, **Cost of Revenues**, **Gross Profit**, **Operating Income and Expenses**, **Finance Costs**, and **Net Loss**. This statement is essential for understanding how the company's operations are affecting profitability and its ability to generate earnings.

The data spans the years 2021 to 2024, with a focus on the year-to-date period ending September 30, 2024. Below is a detailed discussion and analysis of the company's performance.

1. Revenues

- **9/30/2024: ₱10,792,959**

In 2024, the company reported **₱10.79 million** in revenue as of September 30. This is the first instance of revenue recognition since no revenues were reported in the previous years (2021–2023). This indicates that the company has launched operations in 2024. While this is a positive sign of business activity, it is still modest compared to the company's asset base and operational expenses.

- **No Revenues in 2023, 2022, and 2021:**

The lack of revenue in these years suggests that the company may have been in a development phase, focusing on building infrastructure, projects, or completing the necessary groundwork to generate sales. This aligns with the information from the **Statement of Financial Position**, which highlighted significant investments in property, equipment, and construction in progress.





2. Cost of Revenues

- **9/30/2024: ₱(9,894,940)**

The cost of revenues in 2024 stands at **₱9.89 million**, which is directly related to the revenue recognized. This cost represents the expenses incurred in selling medicines and medical supplies or providing services to generate the reported revenues.

- **Gross Profit: ₱898,019**

The company posted a gross profit of **₱898,019** in 2024, which indicates a positive gross margin of approximately **8.33%**. This margin is relatively thin, which is typical in early stages of operations with high direct costs. However, it is a good sign that the company is generating some level of profitability from its core activities, even if it's not yet operating at scale.

3. Other Income

- **9/30/2024: ₱3,952,561**

The company reported **₱3.95 million** in other income for 2024. This income likely stems from non-core activities such as income from bank deposits, income from rentals, gains from asset disposals, or other incidental sources.

- **2023: ₱91,572 and 2022: ₱53,393**

The other income has gradually increased over the past few years, although it remains quite low in comparison to the company's operational losses. This could suggest that the company is still in the process of diversifying its income streams or that the other income sources are minor relative to the company's financial activities.

4. Operating Expenses

- **9/30/2024: ₱(58,713,171)**

Operating expenses for 2024 are reported at **₱58.71 million**, a significant increase from previous years. Operating expenses primarily include costs related to administration, marketing, salaries, and other costs that are not directly tied to the goods or services. The sharp increase in operating expenses reflects the growing scale of the company's operations, particularly as it transitions from a development or construction phase to more mature business activities.

- **Historical Comparison (2021-2023):**

Operating expenses have also been increasing year-over-year:

- **2023: ₱29.37 million**

- **2022: ₱23.61 million**

- **2021: ₱9.98 million**

This increase in expenses suggests that the company is ramping up its operations, likely due to expansion activities, increased headcount, or the ramping up of infrastructure that requires significant administrative or operating overhead.

5. Operating Loss

- **9/30/2024: ₱(53,862,591)**

The company has posted an **operating loss** of **₱53.86 million** for the first three quarters of 2024. This represents the company's inability to cover its operating expenses with the revenues generated. The operating loss increased sharply from **₱29.28 million** in 2023 to **₱53.86 million** in 2024, reflecting the substantial rise in operating expenses compared to the revenue generated.

- **Loss from Operations:**

The operating loss is substantial, which is typical for companies in growth or expansion phases,





where the cost of setting up infrastructure, hiring employees, and establishing market presence often outweighs the immediate revenue generation. The company is still in a negative cash flow position at the operating level, which indicates that additional funding or cost management will be necessary to achieve profitability.

6. Finance Cost

- **9/30/2024: ₱(27,579,062)**

Finance costs, which represent interest expenses on debt, are significant, amounting to **₱27.58 million** for 2024. The increase in finance costs correlates with the company's rising debt levels, as indicated in the **Statement of Financial Position**. Specifically, the company has substantial long-term loans, and interest payments on these loans are driving up finance costs.

- **Historical Comparison (2021-2023):**

Finance costs have been steadily increasing, from **₱5.26 million** in 2021 to **₱16.97 million** in 2023. This suggests that as the company continues to borrow to finance its expansion, its interest obligations are growing, which contributes to its operating losses.

7. Loss Before Provision for Income Tax

- **9/30/2024: ₱(81,441,653)**

The company posted a **loss before tax** of **₱81.44 million** for the first three quarters of 2024. This is a sharp increase from the previous year's **₱46.25 million** loss. The higher loss reflects both the increase in operating losses and finance costs.

- **Historical Trend:**

The company has been consistently incurring losses before tax, with significant losses in both 2023 and 2022. This trend indicates that the company is still in a heavy investment and development phase, where losses are expected due to high operational and financing costs.

8. Provision for Income Tax

- **9/30/2024: ₱11,564,016**

The company recognized a provision for income tax of **₱11.56 million** in 2024, which is a reversal of the previously reported tax losses. This provision could be due to a change in tax assets, such as carried-forward tax credits or an adjustment based on profits or losses recognized in prior periods. The tax provision indicates the company has some level of tax asset or benefit, although it has not yet turned a profit.

9. Net Loss

- **9/30/2024: ₱(81,441,653)**

The **net loss** for 2024 is **₱81.44 million**, which is an increase compared to **₱34.69 million** in 2023. The higher loss is primarily due to the substantial increase in operating expenses and finance costs, coupled with relatively low revenue generation. The company has not yet achieved profitability, which is common for companies in expansion phases but poses a challenge for sustainability.

- **Loss Per Share:**

The **loss per share** in 2024 is **₱255.77**, which is considerably higher than in previous years. This suggests that despite the increase in share capital (**₱302.22 million** in 2024), the company is still incurring large losses that are diluting shareholder value.



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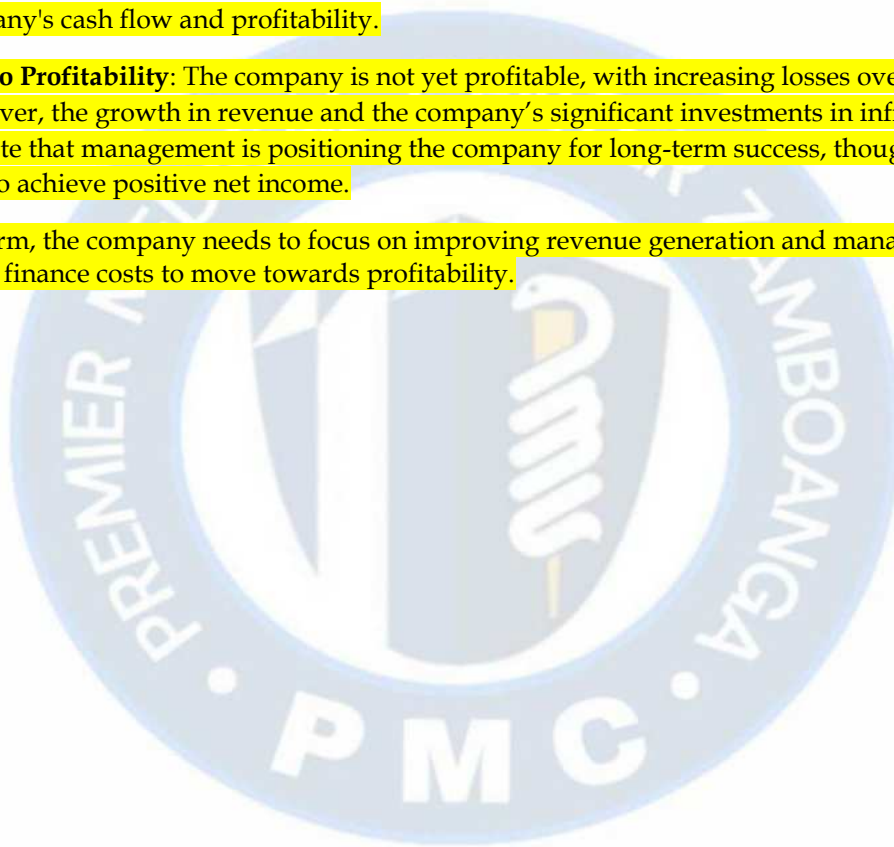
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10. Analysis

The company is currently in a **growth phase**, with significant investments in infrastructure and expansion. Key takeaways from the statement include:

1. **Revenue Generation:** The company has just begun recognizing revenues in 2024, with **₱10.79 million** recorded. This suggests that the business is still in its early stages of generating income.
2. **Operating Losses:** The company is incurring significant operating losses, driven by high operating expenses and finance costs. The **₱53.86 million** operating loss in 2024 reflects challenges in controlling costs and achieving scale.
3. **Finance Costs:** Interest expenses are a major burden, reflecting the high levels of debt taken on to fund expansion. Finance costs of **₱27.58 million** in 2024 are significant, eating into the company's cash flow and profitability.
4. **Path to Profitability:** The company is not yet profitable, with increasing losses over the years. However, the growth in revenue and the company's significant investments in infrastructure indicate that management is positioning the company for long-term success, though it may take time to achieve positive net income.

In the short term, the company needs to focus on improving revenue generation and managing operating and finance costs to move towards profitability.





STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In Philippine Peso)

	9/30/2024	6/30/2024	12/31/2023	12/31/2022	12/31/2021
Share Capital					
<i>Authorized Share Capital</i>					
Preferred Shares	-	-	180,000,000	180,000,000	180,000,000
Common Shares - 359,400 shares, Php1,000 par value	359,400,000	359,400,000	179,400,000	179,400,000	179,400,000
Founder Shares - 600 shares, Php1,000 par value	600,000	600,000	600,000	600,000	600,000
Total Authorized Share Capital	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000
<i>Subscribed Share Capital</i>					
Preferred Shares, Beginning Balance	-	151,000,000	151,000,000	151,000,000	138,250,000
Conversion to Common Shares	-	151,000,000	-	-	12,750,000
Preferred Shares, Ending Balance	-	-	151,000,000	151,000,000	151,000,000
Common Shares, Beginning Balance	154,400,000	154,400,000	154,400,000	150,400,000	137,650,000
Conversion from Preferred Shares	151,000,000	151,000,000	-	-	-
Issuances	12,420,000	1,800,000	-	4,000,000	12,750,000
Common Shares, Ending Balance	317,820,000	307,200,000	154,400,000	154,400,000	150,400,000
Founder Shares, Beginning Balance	600,000	600,000	600,000	600,000	600,000
Additional Subscriptions	-	-	-	-	-
Founder Shares, Ending Balance	600,000	600,000	600,000	600,000	600,000
<i>Subscription Receivable</i>					
Beginning Balance	(18,000,000)	(18,000,000)	(20,542,000)	(216,393,000)	(225,000,000)
Additional during the year	-	-	-	(4,000,000)	(25,500,000)
Collections during the year	1,800,000	1,800,000	2,542,000	199,851,000	34,107,000
Ending Balance	(16,200,000)	(16,200,000)	(18,000,000)	(20,542,000)	(216,393,000)
Total Paid-Up Share Capital	302,220,000	291,600,000	288,000,000	285,458,000	85,607,000
<i>Additional Paid-in Capital</i>					
Beginning Balance	-	-	-	-	-
Issuances of Shares at above par	97,200,000.00	1,620,000.00	-	-	-
Ending Balance	97,200,000.00	1,620,000.00	-	-	-
<i>Deficit</i>					
Beginning Balance, Unadjusted	(103,781,792)	(103,781,792)	(69,094,752)	(31,868,001)	(16,631,784)
Prior Period Adjustment	-	-	-	(1,591,179)	-
Beginning Balance, Adjusted	(103,781,792)	(103,781,792)	(69,094,752)	(33,459,180)	(16,631,784)
Net Loss	(81,441,653)	(63,677,758)	(34,687,040)	(35,635,572)	(15,236,217)
Ending Balance	(185,223,445)	(167,459,550)	(103,781,792)	(69,094,752)	(31,868,001)
Total Deficit	(185,223,445)	(167,459,550)	(103,781,792)	(69,094,752)	(31,868,001)
TOTAL SHAREHOLDERS' EQUITY	214,196,555.00	125,760,450.00	184,218,208.00	216,363,248.00	53,738,999.00

Discussion and Analysis of the Statement of Changes in Shareholders' Equity

The Statement of Changes in Shareholders' Equity provides a detailed overview of the changes in the company's equity over a specified period, showing movements in **share capital**, **additional paid-in capital**, **deficit**, and the **overall total equity**. This statement is essential for understanding how equity is being financed, impacted by losses, and the company's financial position in relation to shareholders. The statement spans from 2021 to 2024, and below is a detailed analysis of each component.

1. Share Capital

• Authorized Share Capital:

The authorized share capital remains consistent at **₱360 million** across the years (2021-2024).

This is split between:

○ Preferred Shares: ₱180 million



- **Common Shares: ₱179.4 million**

- **Founder Shares: ₱600,000**

The authorized share capital reflects the maximum value of shares that the company can issue. The company has not made any changes to this authorization, suggesting that it has sufficient room to issue additional shares without needing to seek shareholder approval for an increase in authorized capital.

- **Subscribed Share Capital:**

- **Preferred Shares:** The preferred shares balance remains at **₱151 million** since 2021, with no changes (e.g., no conversions to common shares in 2024).

- **Common Shares:**

- The **beginning balance** for common shares was **₱154.4 million** in 2024, which matches the common shares balance from 2023.

- In 2024, the company issued an additional **₱12.42 million** worth of common shares, bringing the total **common share capital** to **₱317.82 million**. This is a significant increase from **₱154.4 million** in 2023, reflecting an increase in the company's issued shares through capital raising activities.

- **Founder Shares:** No changes were made to the founder shares over the period. These remain at **₱600,000**.

2. Subscription Receivable

The **subscription receivable** represents amounts owed to the company by shareholders for shares that have been subscribed to but not fully paid for.

- **9/30/2024:** The ending balance of **₱(16.2 million)** indicates a reduction in outstanding amounts due from shareholders compared to the prior year's balance of **₱(18 million)**. However, this balance is still negative, meaning that the company has not fully collected the amounts it is owed for previously issued shares.

- **Trends:** The company appears to have made some collections, as evidenced by the **₱1.8 million** collection during the year, though the overall amount still remains negative. The fluctuations in this account over the years reflect the timing and extent of payments made by shareholders for their subscriptions.

3. Total Paid-Up Share Capital

- **9/30/2024: ₱302,220,000**

The company's paid-up share capital has increased from **₱288 million** in 2023 to **₱302.22 million** in 2024 due to the issuance of new shares. This increase is mainly driven by the **₱12.42 million** in new common shares issued during the year. Despite the increase in paid-up capital, the company's equity position is still largely impacted by its **deficit** and **operating losses**, which we will discuss next.

4. Additional Paid-In Capital

- **9/30/2024: ₱97,200,000**

The **additional paid-in capital** for 2024 reflects the amount of capital raised from issuing shares at a price higher than their par value. This increase of **₱97.2 million** comes from the **issuance of shares at above par value**. The company's ability to raise capital at a premium shows that it has been successful in attracting investors, potentially due to perceived future growth potential or favorable terms.





- **No changes in previous years:** There were no additional paid-in capital amounts in prior years, indicating that earlier share issues were likely at par value or that any premium received was not significant enough to be recorded as additional paid-in capital.

5. Deficit

The **deficit** represents the cumulative net losses incurred by the company over the years, which have been subtracted from shareholders' equity.

- **9/30/2024: ₱(185,223,445)**
The company's deficit has significantly increased from **₱103.78 million** in 2023 to **₱185.22 million** in 2024, primarily due to the **₱81.44 million** net loss incurred in the first three quarters of 2024. This sharp increase in the deficit is a result of continuing losses from operations, which reflect the company's challenges in becoming profitable.
- **Historical Comparison:**
 - **2023:** The deficit was **₱103.78 million**, up from **₱69.09 million** in 2022. This represents an increase of **₱34.69 million** in losses.
 - **2022:** The deficit stood at **₱69.09 million**, compared to **₱31.87 million** in 2021. The increase in deficit from 2021 to 2022 reflects the company's continued operational struggles.

The growing deficit over time is indicative of the company's ongoing financial difficulties and inability to generate sufficient revenue to offset its expenses. As the company continues to incur losses, the deficit erodes shareholders' equity, making it a key area of concern for investors and management.

6. Total Shareholders' Equity

- **9/30/2024: ₱214,196,555**
Despite the increasing deficit, the company's **total shareholders' equity** has grown from **₱184.2 million** in 2023 to **₱214.2 million** in 2024. This increase is largely driven by the **₱12.42 million** raised through new common share issuances and **₱97.2 million** from additional paid-in capital. The increase in equity reflects the company's capital-raising activities, although the substantial losses are reducing the overall net value.
- **Trends over the years:**
 - **2023:** Equity decreased slightly from **₱216.36 million** in 2022 to **₱184.22 million** due to net losses and changes in the deficit.
 - **2022:** The equity had grown from **₱53.74 million** in 2021 to **₱216.36 million**, largely due to the increase in share capital and the conversion of preferred shares to common shares.

The company's ability to raise additional capital has supported the growth in equity, but the increasing deficit highlights the underlying financial challenges that the company faces.

7. Analysis

The **Statement of Changes in Shareholders' Equity** reflects several key trends and areas of concern for the company:

1. Issuance of Shares and Capital Raising:

The company has been actively raising capital through the issuance of new shares, especially common shares, as well as generating additional paid-in capital. The **₱12.42 million** raised in 2024 and **₱97.2 million** in additional paid-in capital are positive signs that investors are willing to provide funds, albeit in exchange for higher-risk equity stakes.





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2. Continued Losses and Deficit Growth:

Despite the increase in share capital, the company's **deficit** continues to grow, largely due to ongoing operational losses. The company's **₱81.44 million** net loss in 2024 exacerbates this, and the increasing deficit is a significant concern for the company's financial health.

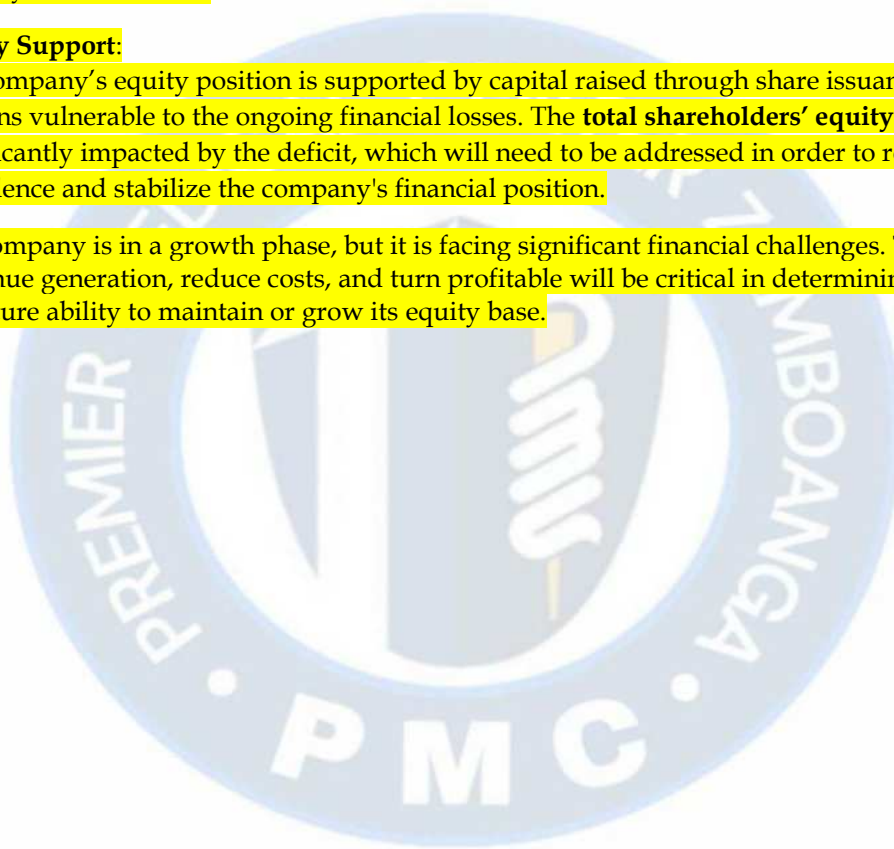
3. Financial Sustainability:

While the company has managed to raise funds to increase its shareholders' equity, the persistent losses suggest that the company must focus on turning its operations profitable. Without improving operational efficiency and generating sustainable revenues, future funding may become more challenging, as investors may become wary of the mounting deficit and inability to cover losses.

4. Equity Support:

The company's equity position is supported by capital raised through share issuances, but it remains vulnerable to the ongoing financial losses. The **total shareholders' equity** is significantly impacted by the deficit, which will need to be addressed in order to restore investor confidence and stabilize the company's financial position.

Overall, the company is in a growth phase, but it is facing significant financial challenges. The ability to improve revenue generation, reduce costs, and turn profitable will be critical in determining the company's future ability to maintain or grow its equity base.





STATEMENT OF CASH FLOWS
(In Philippine Peso)

	9/30/2024	12/31/2023	12/31/2022	12/31/2021
Cash Flows from Operating Activities				
Loss before Provision for Income Tax	(17,763,895)	(46,251,056)	(35,635,038)	(15,236,217)
Adjustments to reconcile Loss before Provision for Income Tax to Operating Loss before Working Capital Changes:				
Capital Changes:				
Finance Cost	5,063,226	16,969,567	12,083,284	5,258,906
Depreciation	4,042,305	10,024,235	4,859,954	256,901
Amortization	4,610	18,437	18,437	10,714
Interest Income	(1,723)	(5,006)		
Operating Loss before Working Capital Changes	(8,655,477)	(19,243,823)	(18,673,363)	(9,709,696)
Working Capital Changes:				
Decrease (increase) in:				
Other Current Assets	(6,312,467)	(2,896,421)	(16,185,663)	(31,967,936)
Increase (decrease) in:				
Trade and Other Payables	(40,715,845)	9,643,639	1,965,253	63,327,029
Cash used in Operating Activities	(55,683,789)	(12,496,605)	(32,893,773)	21,649,397
Interest Income Received	1,723	5,006		
Income Tax Paid	(15,627)	(534)		
Net Cash used in Operating Activities	(55,697,693)	(12,492,133)	(32,893,773)	21,649,397
Cash Flows from Investing Activities				
Acquisition of Property and Equipment	(6,024,774)	(3,236,300)	(58,914,821)	(55,439,755)
Additions to Construction in Progress	(9,661,102)	(40,783,034)	(188,084,253)	(276,082,750)
Acquisitions of intangible asset				(77,232)
Net Cash used in Investing Activities	(15,685,876)	(44,019,334)	(246,999,074)	(331,599,737)
Cash Flows from Financing Activities				
Collection of Subscription Receivable		2,542,000	199,851,000	34,107,000
Proceeds from Issuance of Shares at above par	95,580,000			
Proceeds from Issuance of Shares	10,620,000			
Proceeds from Loans		13,705,000	129,800,000	247,500,000
Finance Cost Paid	(5,063,226)	(16,969,567)	(12,083,284)	(5,258,906)
Payment of Loans	(187,500)	(28,362,406)		
Proceeds of Loans from Related Parties		35,550,000		
Net Cash provided by Financing Activities	100,949,274	6,465,027	317,567,716	276,348,094
Net increase (decrease) in cash	29,565,705	(50,046,440)	37,674,869	(33,602,246)
Cash, Beginning Balance	16,498,559	51,004,080	13,329,211	46,931,457
CASH, ENDING BALANCE	46,064,264	957,640	51,004,080	13,329,211
	46,064,264	957,640	51,004,080	13,329,211

Discussion and Analysis of the Statement of Cash Flows

The **Statement of Cash Flows** outlines the cash inflows and outflows from operating, investing, and financing activities. It helps assess the company's ability to generate cash to meet its obligations and fund its operations. The cash flows can be divided into three primary categories: **Operating Activities**, **Investing Activities**, and **Financing Activities**.

1. Cash Flows from Operating Activities

Operating activities represent the company's core business activities and the cash required for daily operations.

- **Net Cash Used in Operating Activities:**



○ **9/30/2024: ₱(55,697,693)**

In 2024, the company experienced a significant outflow in its operating activities, with a net cash outflow of **₱55.7 million**. This represents a substantial increase in cash used from operating activities compared to the previous periods.

○ **Comparison with Previous Years:**

- **2023: ₱(12,492,133)** - Operating cash outflows were lower in 2023, suggesting better cash management or lower cash burn than in 2024.
- **2022: ₱(32,893,773)** - There was also a large cash outflow in 2022, though it was smaller than in 2024.
- **2021: ₱21,649,397** - In contrast, in 2021, the company generated positive cash flow from operations, largely due to the **₱63.33 million** inflow from trade payables (a working capital change).

● **Key Drivers of Cash Outflows:**

- The **loss before tax** has been a consistent source of cash outflow across all periods. In 2024, it was **₱17.76 million**, up from **₱46.25 million** in 2023. Despite adjustments for non-cash items such as depreciation and finance costs, the company has not yet achieved sufficient operational profitability.
- **Working Capital Changes:**
 - **Other Current Assets:** There was a net increase in **other current assets** (an outflow of **₱6.31 million** in 2024), which was a major contributing factor to the cash outflow in operating activities. This category reflects changes in inventory, receivables, and other short-term assets.
 - **Trade and Other Payables:** There was a significant decrease in **trade and other payables** in 2024 (**₱(40.72 million)**), showing that the company had to pay off a portion of its payables, reducing its available cash.

● **Interest and Income Taxes:**

- **Interest Income** and **Income Tax Paid** were minimal, with only **₱1.72 million** of interest income received and **₱15,627** of income tax paid in 2024, indicating that the company has not yet been profitable enough to incur significant taxes.

2. Cash Flows from Investing Activities

Investing activities represent cash spent on acquiring and disposing of long-term assets such as property, plant, equipment, and investments.

● **Net Cash Used in Investing Activities:**

○ **9/30/2024: ₱(15,685,876)**

The company's investing activities in 2024 resulted in an outflow of **₱15.7 million**, which represents a reduction in cash from investments compared to previous years. However, this amount is still relatively modest compared to earlier periods.

○ **Comparison with Previous Years:**

- **2023: ₱(44,019,334)** - The outflows were significantly higher in 2023, likely due to more aggressive investments or capital expenditures.





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- **2022: ₱(246,999,074)** – In 2022, the company incurred much larger outflows, primarily driven by significant capital expenditures, especially in construction and equipment acquisitions.
- **2021: ₱(331,599,737)** – The outflows in 2021 were the highest, indicating substantial investments in infrastructure and growth.

- **Capital Expenditures:**

- **Property and Equipment:** In 2024, the company spent **₱6.02 million** on acquiring property and equipment, which is relatively low compared to the outflows in previous years (**₱3.24 million** in 2023, **₱58.91 million** in 2022, and **₱55.44 million** in 2021). This indicates a decrease in capital expenditures, possibly as the company shifts focus to operational matters or attempts to conserve cash.
- **Construction in Progress:** The company spent **₱9.66 million** on additions to construction in progress in 2024, a significant decrease from the previous years (**₱40.78 million** in 2023, **₱188.08 million** in 2022, and **₱276.08 million** in 2021). The reduced capital spending might indicate that major projects have been completed or postponed.
- **Intangible Asset:** There was a small amount (**₱4,610**) spent on amortizing intangible assets in 2024, reflecting minor investments in intangible property like software or licenses.

3. Cash Flows from Financing Activities

Financing activities show the cash inflows and outflows related to changes in the company's capital structure, including the issuance of shares, loans, and repayment of debt.

- **Net Cash Provided by Financing Activities:**

- **9/30/2024: ₱100,949,274**
Financing activities in 2024 provided a significant inflow of **₱100.95 million**, largely due to the proceeds from the issuance of shares at above par and share issuances. This inflow is a major source of funding, especially as the company continues to struggle with operating and investing cash flows.
- **Comparison with Previous Years:**
 - **2023: ₱6,465,027** – Financing activities generated a much smaller cash inflow in 2023, indicating a reduction in capital raising efforts.
 - **2022: ₱317,567,716** – The company raised significant capital through financing activities in 2022, which helped fund its investments and cover operational losses.
 - **2021: ₱276,348,094** – Similarly, 2021 saw strong financing activities, with large inflows from loans and share issuances.

- **Issuance of Shares:**

- In 2024, the company raised **₱95.58 million** through the **issuance of shares at above par value**, which reflects investor confidence and a strategy to generate capital to offset losses.
- The company also raised **₱10.62 million** from the issuance of common shares.



- **Loans and Borrowing:**

- The company received **₱13.7 million** in loans in 2024, which is lower than the amounts borrowed in previous years (**₱129.8 million in 2023, **₱247.5 million in 2022**). This suggests a reduction in external borrowing, potentially reflecting increased reliance on equity financing over debt.
- **Repayment of Loans:** The company made **₱187,500** in loan repayments in 2024, significantly less than in 2023 when it repaid **₱28.36 million**.

- **Finance Costs:** The company paid **₱5.06 million** in finance costs in 2024, which is a decrease from the **₱16.97 million** paid in 2023, indicating a reduction in the company's borrowing costs or lower interest-bearing debt.

4. Net Increase (Decrease) in Cash

- **9/30/2024: ₱29,565,705**

The company's cash position increased by **₱29.57 million** in 2024, largely due to the strong financing activities that helped offset the operating and investing cash outflows.

- **Comparison with Previous Years:**

- **2023:** The cash balance decreased by **₱50.05 million** due to significant outflows from operating and investing activities.
- **2022:** The company experienced a **₱37.67 million** increase in cash, driven by financing inflows.
- **2021:** A cash decrease of **₱33.6 million** was recorded, mainly due to high capital expenditures.

5. Cash Position at Year-End

- **9/30/2024: ₱46,064,264**

The company's ending cash balance in 2024 stands at **₱46.06 million**, which is a notable improvement compared to **₱957,640** at the end of 2023. This improvement reflects the significant capital raised in 2024, providing the company with a healthier cash cushion to navigate future challenges.

- **Cash Trend Over the Years:**

- **2023:** The company's cash balance declined sharply, mainly due to negative operating cash flow.
- **2022:** Cash increased, driven by substantial financing inflows.
- **2021:** Cash was relatively stable, though there was a significant decrease due to high capital investments.

6. Analysis

In 2024, the company has managed to increase its cash balance, largely through financing activities, including **₱95.58 million** from the issuance of shares. However, it continues to experience significant outflows from operating activities due to persistent losses and high working capital needs. The company's cash burn in **investing activities** has decreased, reflecting a slowdown in capital expenditures.

The company remains highly reliant on external financing to fund its operations, and its financial position is closely tied to its ability to raise additional capital or improve profitability. Given the recurring losses



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and substantial negative cash flows from operations, managing cash effectively will remain crucial for the company's ability to stay solvent and continue operations.

TRENDS, EVENTS and UNCERTAINTIES THAT HAVE HAD or THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOME as of 23 December 2024

There was no material commitment to capital expenditure, the decision to expand came after November when census was reaching 50's and subsequent plans for increase in bed capacity, provision of special care units (ICU), preparation of additional rooms and equipment and electronic medical record came into planning starting November. Our interim report is as of Sept 30 2024. At that point we had no significant capital expenditure.

1. Under the key performance indicator for liquidity, it is observed that over the past 3 years the ratio was below one, up until the interim report in the financial statement as of September 30, 2024 the quick asset ratio of 1.23 demonstrates adequate liquidity. Excluding inventory, the hospital can cover its short-term liabilities with its most liquid assets such as cash and receivables
2. If there is no profitability improvement, the high leverage will lead to more financial debt. The hospital's debt-to-equity ratio of 4.00 indicates it has Php4 of debt for every Php1 of equity, slightly up from 3.94 last year.
3. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. The hospital has a high debt-to-equity ratio, if this continues to increase it might have an unfavorable effect on the hospitals' income.
5. There was a need to fund new facilities and equipment, as mentioned in the Key Performance Indicators. The hospital has secured a loan from Bank of the Philippine Islands (BPI), for the funding of the increase of the bed capacities of the hospital, needing new equipment and facilities. This resulted in a raise in the hospital's long-term debt. Due to the hospital's increase in bed capacity, the liquidity ratio will lower.

The hospital is facing significant financial challenges, as reflected in a negative net profit margin of -755%, meaning it loses Php7.55 for every peso of revenue. This highlights issues with patient admissions, reliance on affiliate doctors for referrals, and marketing. Despite these challenges, there is optimism for improvement in the coming quarters.

6. There were no significant figures of income or loss that did not arise from the pre-operations of the hospital.
7. There were no seasonal aspects that had any material effect on the financial condition or results of operations of the hospital.



KEY PERFORMANCE INDICATORS

		9/30/2024	12/31/2023	12/31/2022	12/31/2021	REMARKS
1. Liquidity						
Quick Assets	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	1.23	0.01	0.39	0.21	The quick ratio of 1.23 demonstrates adequate immediate liquidity. Excluding inventory, the hospital can cover its short-term liabilities with its most liquid assets, such as cash and receivables. This ratio has significantly improved from the prior year, showcasing better short-term financial health.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.70	0.78	1.00	1.20	The hospital has a current ratio of 3.70, which indicates a strong liquidity position. For every peso of current liabilities, the hospital has Php3.70 in current assets to cover them. This reflects an improvement compared to the prior period, signaling that the hospital has sufficient short-term assets to meet its obligations.
2. Solvency						
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	4.00	3.94	3.11	11.30	The debt-to-equity ratio of 4.00 indicates that the hospital has Php4 of debt for every peso of equity. While the leverage remains high, it is slightly higher compared to the previous year (3.94). This level of leverage could signal reliance on debt financing, potentially increasing financial risk if profitability doesn't improve. To facilitate the completion of the building facilities and the purchase of several machinery and equipment, the hospital secured a loan from BPI which resulted to an increase in long-term debt.
3. Profitability						
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	-755%	0.00	0.00	0.00	The negative net profit margin of -755% reflects significant losses relative to revenue. This indicates that for every peso of revenue, the hospital is incurring a loss of Php7.55. The margin suggests that the hospital is facing substantial operational or financial challenges. Even though the hospital already operated, it faces challenges at the inception of its actual operation, one of its challenges is to increase the number of patients admission to sustain its daily operation, another is the reliance to its affiliate doctors for their referrals for the use of hospital services as well as the marketing promotion to reach wide range potential patients to avail our cutting-edge services. We are positive to see reversals of these challenges for the upcoming quarters and thru the years as we continue providing hospital services to the public.
Return on Equity	$\frac{\text{Net Income}}{\text{Stockholder's Equity}}$	(.07)	(.03)	(.03)	(.02)	The return on equity (ROE) of -0.07 indicates a negative return for shareholders. For every peso of equity, the hospital incurred a loss of Php0.07. This suggests poor profitability and inefficiency in using shareholders' investments to generate returns.



4. Leverage						
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.81	0.82	0.79	0.93	The debt-to-total asset ratio of 0.81 means that 81% of the hospital's assets are financed through debt. This ratio is slightly lower than the prior year, which was 0.82. It reflects a high level of debt in the capital structure, which could pose risks in a high-interest rate environment or if cash flows are insufficient to cover obligations.
Asset to Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	5.17	5.53	4.71	13.51	The asset-to-equity ratio of 5.17 shows that the hospital has Php5.17 in assets for every peso of equity. This high ratio indicates significant leverage, meaning most of the hospital's assets are financed through liabilities rather than equity.
5. Interest rate Coverage Ratio						
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0	0	0	0	The interest rate coverage ratio is not available, likely due to the hospital incurring operational losses and not having sufficient earnings before interest and taxes (EBIT) to assess its ability to cover interest expenses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound internal control system and risk management framework controls for good corporate governance; with the objective of fulfilling its mission and mandate. The Board affirms its overall responsibility for reviewing the adequacy and effectiveness of ACE-MZCI risk management and internal control system. This includes reviewing the adequacy and integrity of financial, operational, and compliance controls and risk management procedures.

In view of the limitations that are inherent in any internal control system, the Board ensures that this system is designed to manage the ACE-MZCI's key areas of risk within acceptable risk profile, rather than eliminate the risk of failure of achieving the Group's policies and objectives. Therefore, the system implemented can only provide reasonable but not absolute assurance against material misstatement or loss or fraud.

The Board's objective is to ensure that ACE-MZCI has an appropriate system in place for the identification and management of risks, including the implementation of internal controls to address the risks identified.

INTERNAL CONTROL AND RISK MANAGEMENT

During the year under review and up to the date of this Management Report, ACE-MZCI has been proactive in its management of risks and control issues as demonstrated by the existence of policies, procedures, and strategies as illustrated below:

- ACE-MZCI has established an organizational structure with clear operating and reporting procedures, lines of responsibility, and delegated authority;
- Relevant senior management has been delegated with specific accountability for monitoring the performance of designated business operating units;
- Explanations on significant variances from budgets are provided to the Board on a monthly basis. This helps the Board and senior management monitor the ACE-MZCI operations and plans on a timely basis;
- Each office or department is responsible for its own identification and evaluation of key corporate risks applicable to their parts of operation and for managing how these risks are reduced, transferred to third parties, or insured;



- Each office or department maintains internal controls and procedures appropriate to its structure and corporate environment while complying with ACE-MZCI's policies, standards, and guidelines;
- The Internal Audit function conducts a systematic review of financial, managerial, and operational processes in order to provide independent assurance to management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will take necessary measures to ensure that improvements are implemented.

Statement on Risk Management and Internal Control

The Treasury department manages the cash balances and exposure to currency transaction risks through treasury policies, risk limits, and monitoring procedures; and

- A Code of Ethics will be established to be adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

INTERNAL AUDIT

The Board intends to create an Internal Audit Services Committee (IAS) which is an independent function that reports directly to the Audit Committee. It will undertake regular review of the operations and system of internal controls based on annual audit plans to be approved by the Audit Committee. IAS will carry out the reviews with impartiality, proficiency, and due professional care.

The IAS findings will be discussed at the management level and actions will be agreed and taken upon in response to the IAS's recommendations. The progress of implementation of the agreed actions will be reviewed and verified by the IAS through follow-up reviews. The Audit Committee will review all internal audit findings, management, responses, and the adequacy and effectiveness of the internal controls. Significant risk issues, if any, will be referred to the Board for consideration. The Audit Committee will report to the Board on a monthly basis of its deliberations and recommendations.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has reviewed the adequacy and effectiveness of the ACE-MCZI's risk management activities and internal control framework and ensured that necessary actions have been or are being taken to rectify weaknesses identified during the year.

The President and senior management have confirmed to the Board that the internal control system is operating adequately and effectively in all material aspects during the financial year and up to the date of this Report.

In this connection, the Board concludes that an effective system of risk management and internal control is in place in fulfilling its mission and mandate.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor has reviewed this Statement for inclusion in the ACE-MCZI Annual Report for the financial year ended December 31, 2023.



EXTERNAL AUDIT FEES (SEC MC No. 14, Series of 2004)

The 2023 Audited Financial Statements of the Company and the Statement of Manager's Responsibilities are attached hereto as Annex E2.

There are no assurance related services by the external auditor that are reasonably related to the performance of the auditor or review of the Company's financial statements that were availed by the Company for the year 2023 and 2024.

THE AGGREGATE FEES BILLED ARE SHOWN BELOW:

Fees approved in connection with the Audit of the Annual Statements and assurance rendered by Florivel De Jesus Accounting Firm pursuant to the regulatory and statutory requirements for the years ended, December 31, 2023 amount to 350,000.00 exclusive of 12% VAT. December 31, 2022 amount to 250,000.00 exclusive of 12% VAT, December 31, 2021 amount to ₱ 26,000.00 exclusive of 12% VAT. All other fees for 2021, 2022 and 2023 include out of pocket expenses (OPE) such as Printing, Paper and Ink, Postage, Overtime meals, Transportation Communication i.e internet and calls. No tax service was rendered by the Auditor during the year.

Year	2023	2022	2021
Audit Service	PHP 350,000.00	PHP 250,000.00	PHP 26,000.00
Value Added Tax	—	—	—
All Other Fees	—	—	—

D. CERTAIN RELATIONS AND RELATED TRANSACTIONS

The Company has reviewed its transactions and relationships and confirms that there were no related party transactions during the 3rd quarter of 2024.

Related parties are defined as individuals or entities that have the ability to control or significantly influence the financial and operating decisions of the Company. These include key management personnel, shareholders, and entities under common control.

Management has conducted a thorough review of all transactions and relationships to ensure compliance with the requirements for related party disclosures. Based on the review and assessment, the Company confirms that there were no related party transactions during the reporting period, and therefore, no related party disclosures for the year 2024.

E. MANAGEMENT AND CERTAIN SECURITY HOLDERS

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of its operations for its review. Currently, the Board consists of nine (9) members, of which two (2) are independent directors.



The table below set forth the members of the Company's Board as of 23 December 2024:

Name	Position	Age	Citizenship	Occupation	Business/Clinic
Ong, Romeo A.	Director/ Chairman	72	Filipino	Retired Government Employee/ ENT Doctor	Premier Medical Center Zamboanga
Lee, Patrick G.	Director/ Vice- Chairman	56	Filipino	Businessman	ISUZU Zamboanga
Pichel, James Robertson C.	Director/ President & CEO	50	Filipino	Pediatrician/ Businessman	Premier Medical Center Zamboanga
Tamin, Jonathan John F.	Director/ Vice- President	46	Filipino	Vascular, Cancer and Kidney Transplant Surgeon	Premier Medical Center Zamboanga
Gimena, Giovanni Paolo C.	Director/ Corporate Secretary & COO	53	Filipino	General Surgeon/ Businessman	Premier Medical Center Zamboanga
Sahi, Lieza G.	Director/ Corporate Treasurer & CFO	53	Filipino	Pediatrician/ Neonatologist	Premier Medical Center Zamboanga; Zamboanga City Medical Center- Department of Pediatrics
Tan, Yolanda M.	Board Member	66	Filipino	Businessman	Mercedes Shell Camins
Cerrillo, Alex Escolastico L.	Independent Director	68	Filipino	General Surgeon	Premier Medical Center Zamboanga
Policarpio, Ronald D.	Independent Director	47	Filipino	Lawyer/ Businessman	Romulo Mabanta Buenaventura Sayoc & Delos Angeles Law Office

All the above were elected as Board of Directors and Officers of the Corporation for the year 2024 until their successors are elected during the Annual Stockholders Meeting of Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc. (Doing business under the name and style of Premier Medical Center Zamboanga) held on 03 February 2024.

On 07 February 2024, the newly elected Directors conducted the election of positions as officers of the Corporation.

Other than the aforementioned Directors and Officers, the following persons occupy key management positions.

The Table below sets forth the company's executive officers that are non-board members as of 23 December 2024.



Name	Position	Age	Citizenship	Occupation	Business/Clinic
Estrella, Leila Nelia L.	Medical Director	69	Filipino	OB-Gyne	Premier Medical Center Zamboanga
Villanueva, Maylene B.	Compliance Officer	43	Filipino	Corporate Lawyer	Villanueva Balio and Ariston Law Offices
Landero, Diana Rose Y.	Data Protection Officer	28	Filipino		Premier Medical Center Zamboanga
Madrazo, Maurice Glaiza A.	Investment Relations	30	Filipino		Premier Medical Center Zamboanga

INVOLVEMENT IN LEGAL PROCEEDINGS

The Issuer is a party in the pending intra-corporate dispute with damages entitled “Al-Rajid J. Jamiri, vs. Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro” pending before the Regional Trial Court of Zamboanga City., Branch 12 [Civil Case No. 7229]

The Complaint for Intra-Corporate Dispute with Damages, dated 20 February 2024, was filed before the Regional Trial Court of Zamboanga City on 21 February 2024.

The Principal Parties are as follows:

Plaintiff - Al-Rajid J. Jamiri

Defendants - Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro

The Plaintiff is praying for the 1] issuance of stock certificates of the Corporation in his favor in the amount of Php 12,000,000.00, 2] inspection of the corporate books, records, and minutes of the meetings of the Issuer, and 3] payment of loss of potential income, attorney’s fees, and litigation expenses.

The Plaintiff’s avers that he paid the amount of Php 12,000,000.00 corresponding to Php 12,000,000.00 worth of shares of the stock of the Issuer despite only paying Php 1,550,000.00 as appearing in the corporate records of the Issuer. The Plaintiff states that he was denied access to corporate books and records when the truth of the matter is that the Issuer never denied access to corporate books and records provided it shall be made during office hours. The Issuer filed its Answer with Counterclaims, dated 1 March 2024, on 4 March 2024 and has sought the dismissal of the aforesaid Complaint.

F. CORPORATE GOVERNANCE

The Company endeavors to comply with the recommendations set forth in SEC Memorandum Circular No. 24-Series of 2019. It is committed to a strong corporate governance with transparency and accountability as its hallmarks.

On 2 August 2024, the Board of Directors appointed its Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of good governance.

On 6 September 2024, the Company constituted the Audit Committee, Corporate Governance Committee and Board Risk Oversight Committees.



PMC

PREMIER
MEDICAL CENTER
ZAMBOANGA

(Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc.)

SEC Reg. CS201540355

TIN 478-905-770

On 16 December 2024, the Company established a Self-Assessment Survey by the Board of Directors and Board Committees. This evaluation system aims to measure and determine the level of compliance of the Board of Directors and top-level management with its Revised Manual on Corporate Governance. The Board Performance Assessment which is accomplished by the BOD indicates compliance ratings. It is submitted to the Corporate Secretary who compiles the data for assessment.

The minor deviations from the recommendations of the CG Code for PCs and RIs such as the, the Executive directors being more than non-executive directors and having a Member of the Board as Corporate Secretary were necessitated by the fact that the company is just started to operate and there is a need to tighten the purse that is achieved by having a founders perform dual or multiple roles. As soon as the finances of the Company is stabilized, the Company will ensure that it is fully compliant with all the SEC recommendations

The Company will take further steps to strengthen adherence to principles and practices of corporate governance including sending its Directors to various trainings and programs conducted by the Institute of Directors and Center for Global Best Practices.

N.B. The 2023 SEC Form 17-A is not available as the Company was only issued its Permit to Issue Securities on 14 June 2024.

