SECURITIES AND EXCHANGE COMMISSION
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Industry Classification: N85121
Company Type: Stock Corporation

Document Information

Document ID: OST10502202583251947
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

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

(DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)

Don Alfaro St., Tetuan, Zamboanga City
TIN: 478-905-770-000
President: James Robertson C. Pichel, M.D.

Audited Financial Statements

For the years ended December 31, 2024, 2023, and 2022

and

Independent Auditor's Report

(In Philippine Peso)

FLORIVEL M. DE JESUS
Certified Public Accountant
Contact Nos (062) 991-1011 955-3563 955-5912
Accredited by:
Board of Accountancy (BOA)
Bureau of Internal Revenue (BIR)
Securities and Exchange Commission (SEC)
Cooperative Development Authority (CDA)

PMC | Premier Medical Center Zamboanga

Statement of Management's Responsibility for Financial Statements

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

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

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

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

Florivel M. De Jesus, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in her report to the shareholders, has expressed her opinion on the fairness of presentation upon completion of such audit.

ROMEO A. ONG
Chairman of the Board

JAMES ROBERTSON C. PICHEL
President

LIEZA G. SAHI
Chief Financial Officer

Signed this 31st day of March 2025

SUBSCRIBED AND SWORN TO before me this APR 30 2025 in Zamboanga City, Philippines. Affiant(s) exhibited competent proof of identity and attested to the truth of the foregoing statements.

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Book No. XIII
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RENA JOY C. CASTIGADOR
Notary Public for Zamboanga City
Not. Comm. No. 2025-05
Commissioned 01-10-2025 to 12-31-2026
CTLA LAW 3rd Floor, Arcada Complex, Tetuan, Z.C.
Roll No. 67987; 05-26-17
IBP OR No. 494520; 01-02-2025; ZAMBASULTA
PTR No. 3067124; 01-03-2025; ZC

PMC Premier Medical Center Zamboanga

Statement of Management's Responsibility for Annual Income Tax Return

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return or Annual Information Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value-added tax (VAT) and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)**, complete and correct in all material respects. Management likewise affirms that:

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

The Board of Directors reviews the financial statements including the schedules attached therein, before such statements are approved and submitted to the shareholders of the Company.

Florivel M. De Jesus, the independent auditor appointed by the shareholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed her opinion on the fairness of presentation upon completion of such examination, in her report to the shareholders.

JAMES ROBERTSON C. PICHEL
President

ROMEO A. ONG
Chairman of the Board

LIEZA G. SAHI
Chief Financial Officer

Signed this 31st day of March 2025

SUBSCRIBED AND SWORN TO before me this APR 3 0 2025 in Zamboanga City, Philippines. Affiant(s) exhibited competent proof of identity and attested to the truth of the foregoing statements.

RENA JOY C. CASTIGADOR
Notary Public for Zamboanga City
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Florivel M. De Jesus Accounting and Auditing Office
3rd Floor JSB Building, Don Alfaro Street, Tetuan, Zamboanga City 7000
Email Address: flordj36@yahoo.com
Contact Numbers: (062) 991-1011 | 955-3563 | 955-5912

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** for the year ended December 31, 2024, which are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That said financial statements herewith were prepared and presented in conformity with the Philippine Financial Reporting Standards (PFRS) in all cases where I shall express an unmodified opinion; except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
2. That as the conduct of my audit, I adhered to the Philippine Standards on Auditing promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
3. That I am qualified as provided for in Section 14 of the Code of Professional Ethics for the Certified Public Accountants;
4. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of the financial statements;
5. That I am fully aware of my responsibility as an independent auditor for the audit certificate issued and attached to the financial statements and the sanctions to be bestowed on me for any misrepresentations that I may have willingly or unwillingly committed; and
6. That I am an active officer of the PICPA Zamboanga-Basilan-Jolo, Sulu-Tawi-Tawi Chapter, in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA).

As a CPA engaged in public practice pursuant to Board Resolution No. 38, Series of 1990, Board of Accountancy, approved on February 19, 1990 by the Professional Regulation Commission, I make these representations in my individual capacity and as an accountant in the accounting firm of Florivel M. De Jesus Accounting and Auditing Office.

FLORIVEL M. DE JESUS
Board certificate no. 87417
TIN: 263-445-116
PTR no 3067044
Issued on January 2, 2025 at Zamboanga City
SEC accreditation no. 87417-SEC Group C
Issued on February 22, 2021 until February 21, 2025
BIR accreditation no: AN-15-002100-1-2022
Issued on August 15, 2022 until August 14, 2025
BOA accreditation no.0727
Issued on February 1, 2024 until January 31, 2026
DTI no. 5815061
Issued on March 13, 2024 until March 13, 2029
CDA accreditation no. 0323
Issued on February 12, 2024 until February 11, 2029

March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS AND THE BOARD OF DIRECTORS
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC.
(DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)
Don Alfaro St., Tetuan, Zamboanga City

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

I have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** (the Company), which comprise the statements of financial position as at December 31, 2024, 2023, and 2022, and the statements of comprehensive income, statements of changes in shareholders' equity, and statement of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats and safeguards applied.

Florivel M. De Jesus Accounting and Auditing Office
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REPORT ON THE SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees in the notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements. Such information is the responsibility of the management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

My audit was conducted for the purpose of forming an opinion on the basic financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** as a whole. The supplementary information shown in the supporting schedules is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

FLORIVEL M. DE JESUS
Board certificate no. 87417
TIN 263-445-116
PTR no 3067044
Issued on January 2, 2025 at Zamboanga City
SEC accreditation no. 87417-SEC Group C
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March 31, 2025

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CERTIFICATE OF TAXPAYER COMPLIANCE

The Commissioner of Internal Revenue
Department of Finance
Manila

I have examined the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** for the year ended December 31, 2024 on which I have rendered an independent auditor's report dated March 31, 2025.

In compliance with Revenue Regulation No. 3-90, I have performed the procedures necessary to determine the Company's tax obligation and verified the extent of its compliance with the requirements prescribed in said revenue regulation.

My examination of the Company's returns and business records, which was made in accordance with pertinent Philippine Standards on Auditing, disclosed the following:

1. The Company is a value-added tax (VAT) registered entity and thus, subject to VAT. Input taxes claimed for VAT purposes are duly covered by invoices received from VAT-registered suppliers.
2. The Company will engage in VAT-exempt sales transactions in accordance with RR No. 16-2005. As such, medical, dental, hospital and veterinary services, except those rendered by professionals, are not subject to VAT. Additionally, laboratory services are also exempted (Sec. 4.109-1 [G]).
3. The monthly, quarterly, and annual returns of creditable income taxes withheld by the Company comply with the rules and regulations set by the National Internal Revenue Code applicable to withholding taxes.
4. Items of income, deductions, and exemptions reflected in the Company's Annual Income Tax Return are substantially in accordance with existing provisions of the tax code and revenue rules and regulations.
5. Based on the gross sales of the business, the taxpayer is classified as a Medium Taxpayer, in accordance with the threshold set by Republic Act (RA) 11976, the Ease of Paying Taxes (EOPT) Act. This classification determines the applicable tax rates, reporting requirements, and special concessions as provided under relevant tax regulations.

Furthermore, in compliance with RR No. V-20, I hereby state that the kinds and amounts of taxes and licenses paid and accrued by the Company for the year ended December 31, 2024 are shown in the schedule of supplementary information as specified in the notes to the financial statements and I am not related by consanguinity or affinity within the fourth civil degree of relationship to the president, manager, or principal shareholders of the Company and have no interest whatsoever in the Company directly or indirectly.

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March 31, 2025

Premier Medical Center Zamboanga

STATEMENTS OF FINANCIAL POSITION

As of December 31
(In Philippine Peso)

	Notes	2024	2023
ASSETS			
Current Assets			
Cash	2.4, 3	**28,375,724**	957,640
Receivables	2.6, 4	**28,620,605**	–
Inventories	2.8, 5	**10,912,960**	–
Other Current Assets	2.9, 6	**99,431,315**	83,021,923
Total Current Assets		**167,340,604**	83,979,563
Noncurrent Assets			
Property and Equipment, net	2.10, 7	**150,455,655**	136,618,257
Construction in Progress	2.10, 8	**847,720,968**	781,630,486
Intangible Asset, net	2.11, 9	**2,222,099**	136,787
Other Noncurrent Asset	10	**4,609,112**	4,609,112
Deferred MCIT	2.15, 20	**1,298**	1,298
Deferred Tax Asset	2.15, 20	**29,098,785**	11,564,016
Total Noncurrent Assets		**1,034,107,917**	934,559,956
TOTAL ASSETS		**1,201,448,521**	1,018,539,519
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and Other Payables	2.13, 11	**55,855,644**	76,127,419
Loans Payable	2.17, 12	**750,000**	31,900,331
Income Tax Payable	2.15, 20	**–**	1,298
Total Current Liabilities		**56,605,644**	108,029,048
Noncurrent Liabilities			
Loans Payable	2.17, 12	**876,387,500**	690,742,263
Deposit for Future Stock Subscription	2.18, 13	**–**	35,550,000
Total Noncurrent Liabilities		**876,387,500**	726,292,263
Total Liabilities		**932,993,144**	834,321,311
Shareholders' Equity			
Share Capital *Authorized 180,000 preferred shares at Php1,000 par value; 179,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value* *Issued and outstanding 151,000 preferred shares at par; 150,400 common shares at par; 600 founder shares at par*	2.18, 14	**309,630,000**	288,000,000
Additional Paid-in Capital	2.21, 14	**115,200,000**	–
Deficit	2.20, 15	**(156,374,624)**	(103,781,792)
Total Shareholders' Equity		**268,455,377**	184,218,208
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,201,448,521**	1,018,539,519

See Notes to the Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(In Philippine Peso)

	Notes	2024	2023	2022
Revenues	2.1, 16	**57,872,252**	–	–
Cost of Revenues	2.2, 17	**(63,767,854)**	–	–
Gross Loss		**(5,895,602)**	–	–
Other Income	18	**286,737**	91,572	53,393
Operating Expenses	2.3, 19	**(39,728,645)**	(29,373,061)	(23,605,147)
Operating Loss		**(45,337,510)**	(29,281,489)	(23,551,754)
Finance Cost	2.17, 12	**(24,790,091)**	(16,969,567)	(12,083,284)
Loss before Provision for Income Tax		**(70,127,601)**	(46,251,056)	(35,635,038)
Provision for Income Tax	2.15, 20			
Current Income Tax		**–**	–	(534)
Deferred Income Tax		**17,534,769**	11,564,016	–
NET LOSS		**(52,592,832)**	(34,687,040)	(35,635,572)

See Notes to the Financial Statements

LOSS PER SHARE		**(166.00)**	(223.79)	(229.91)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31
(In Philippine Peso)

	Notes	2024	2023	2022, restated
Share Capital				
Authorized Share Capital				
Preferred Shares - 180,000 shares, Php1,000 par value		**180,000,000**	180,000,000	180,000,000
Common Shares - 179,400 shares, Php1,000 par value		**179,400,000**	179,400,000	179,400,000
Founder Shares - 600 shares, Php1,000 par value		**600,000**	600,000	600,000
Total Authorized Share Capital	2.18, 14	**360,000,000**	360,000,000	360,000,000
Subscribed Share Capital				
Preferred Shares, Beginning Balance		**151,000,000**	151,000,000	151,000,000
Conversion to Common Shares		**(151,000,000)**	–	–
Preferred Shares, Ending Balance	2.18, 14	**–**	151,000,000	151,000,000
Common Shares, Beginning Balance		**154,400,000**	154,400,000	150,400,000
Additional Issuances- 21,630 Shares		**21,630,000**	–	4,000,000
Conversion from Preferred Shares		**151,000,000**	–	–
Common Shares, Ending Balance	2.18, 14	**327,030,000**	154,400,000	154,400,000
Founder Shares, Beginning Balance		**600,000**	600,000	600,000
Additional Subscriptions		**–**	–	–
Founder Shares, Ending Balance	2.18, 14	**600,000**	600,000	600,000
Subscription Receivable				
Beginning Balance		**(18,000,000)**	(20,542,000)	(216,393,000)
Additions during the year		**–**	–	(4,000,000)
Collections during the year		**–**	2,542,000	199,851,000
Ending Balance	2.18, 14	**(18,000,000)**	(18,000,000)	(20,542,000)
Total Paid-Up Share Capital	2.18, 14	**309,630,000**	288,000,000	285,458,000
Additional Paid-In Capital				
Beginning Balance		**–**	–	–
Issuance of shares at above par		**115,200,000**	–	–
Ending Balance	2.21, 14	**115,200,000**	–	–
Deficit				
Beginning Balance, Unadjusted		**(103,781,792)**	(69,094,752)	(31,868,001)
Prior Period Adjustment	2.20, 15	**–**	–	(1,591,179)
Beginning Balance, Adjusted		**(103,781,792)**	(69,094,752)	(33,459,180)
Appropriations made during the year		**–**	–	–
Net Loss		**(52,592,832)**	(34,687,040)	(35,635,572)
Ending Balance	2.20, 15	**(156,374,624)**	(103,781,792)	(69,094,752)
Total Deficit	2.20, 15	**(156,374,624)**	(103,781,792)	(69,094,752)
TOTAL SHAREHOLDERS' EQUITY		**268,455,377**	184,218,208	216,363,248

See Notes to the Financial Statements

PMC | Premier Medical Center Zamboanga

STATEMENTS OF CASH FLOWS

For the years ended December 31

(In Philippine Peso)

	Notes	2024	2023	2022
Cash Flows from Operating Activities				
Loss before Provision for Income Tax		**(70,127,601)**	(46,251,056)	(35,635,038)
Adjustments to reconcile Loss before Provision for Income Tax to Operating Loss before Working Capital Changes:				
Finance Cost	2.17, 12	**24,790,091**	16,969,567	12,083,284
Depreciation	2.10, 7	**12,457,119**	10,024,235	4,859,954
Amortization	2.11, 9	**252,188**	18,437	18,437
Interest Income	18	**(11,476)**	(5,006)	–
Operating Loss before Working Capital Changes		**(32,639,679)**	(19,243,823)	(18,673,363)
Working Capital Changes:				
Decrease (increase) in:				
Receivables	2.6, 4	**(28,620,605)**	–	–
Inventories	2.8, 5	**(10,912,960)**	–	–
Other Current Assets	2.9, 6	**(16,409,392)**	(2,896,421)	(16,185,663)
Increase (decrease) in:				
Trade and Other Payables	2.13, 11	**(20,271,775)**	9,643,639	1,965,253
Cash used in Operating Activities		**(108,854,411)**	(12,496,605)	(32,893,773)
Interest Income Received	18	**11,476**	5,006	–
Income Tax Paid	2.15, 20	**(1,298)**	(534)	–
Net Cash provided by (used in) Operating Activities		**(108,844,233)**	(12,492,133)	(32,893,773)
Cash Flows from Investing Activities				
Acquisition of Property and Equipment	2.10, 7	**(26,294,517)**	(3,236,300)	(58,914,821)
Additions to Construction in Progress	2.10, 8	**(66,090,482)**	(40,783,034)	(183,475,141)
Acquisition of Intangible Asset	2.11, 9	**(2,337,500)**	–	–
Payment of Deposit	10	**–**	–	(4,609,112)
Net Cash used in Investing Activities		**(94,722,499)**	(44,019,334)	(246,999,074)
Cash Flows from Financing Activities				
Proceeds from Issuance of Shares	2.18, 14	**21,630,000**	–	–
Proceeds from Issuance of Shares at above par	2.21, 14	**115,200,000**	–	–
Collection of Subscription Receivable	2.18, 14	**–**	2,542,000	199,851,000
Refund of Deposits for Future Stock Subscription	2.18, 14	**(35,550,000)**	–	–
Proceeds from Loans	2.17, 12	**168,096,500**	13,705,000	129,800,000
Finance Cost Paid	2.17, 12	**(24,790,091)**	(16,969,567)	(12,083,284)
Payment of Loans	2.17, 12	**(13,601,594)**	(28,362,406)	–
Proceeds from Deposit for Future Stock Subscription	2.18, 13	**–**	35,550,000	–
Net Cash provided by Financing Activities		**230,984,816**	6,465,027	317,567,716
Net increase (decrease) in cash		**27,418,084**	(50,046,440)	37,674,869
Cash, Beginning Balance		**957,640**	51,004,080	13,329,211
CASH, ENDING BALANCE	2.4, 3	**28,375,724**	957,640	51,004,080

See Notes to the Financial Statements

Premier Medical Center Zamboanga

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are shown in Philippine Peso, unless otherwise stated)

1. **CORPORATE INFORMATION AND STATUS OF OPERATIONS**

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA) is a domestic stock corporation registered with the Philippines' Securities and Exchange Commission (SEC) on December 18, 2015 with the SEC Registration No. of CS201540355. The Company is governed by a Board of Directors (BOD) consisting of nine (9) individuals with Romeo A. Ong as the Chairman of the Board. The Company is a value-added tax (VAT) registered entity with the Bureau of Internal Revenue (BIR). The Corporation applied for Initial Public Offering (IPO)-Selling of Shares/Securities, which was approved with a Permit from the Securities and Exchange Commission (SEC) as of June 14, 2024

The primary purpose of the Company is to establish maintain, operate, own, and manage hospitals, medical and related healthcare facilities and business 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, surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical, or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

The principal office of the Company is located at Don Alfaro St., Tetuan, Zamboanga City, Philippines. As of December 31, 2024, the Company has seventeen (17) key management personnel and fifty-two (52) employees.

Approval of the financial statements

The financial statements of the Company as of and for the years ended December 31, 2024 and 2023 were authorized for issuance by the Board of Directors (BOD) on February 18, 2025.

2. **SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The Company is required to disclose material accounting policy information. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements. These policies shall be consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

The financial statements have been prepared by **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** under the historical cost convention basis and are presented in Philippine Peso (Php), which is also the Company's functional currency. The Company uses the calendar year accounting period and adopts the accrual basis of accounting. The end of the Company's reporting period is on December 31. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The preparation of financial statements in conformity with the Philippine Financial Reporting Standards (PFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The financial statements have been prepared in conformity with PFRS, which include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by SEC. These are based on the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The principal accounting and financial reporting policies adopted in preparing the Company's financial statements are as follows:

Adoption of New Interpretations, Revisions, and Amendments to PFRS

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which were not adopted as of December 31, 2024. Except as otherwise indicated, the adoption of these new accounting standards and amendments have no material impact on the Company's financial statements.

The nature and the impact of each new standard and amendment are described below:

- Amendments to PAS 1, Presentation of Financial Statements

  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  Only covenants with which an entity must comply on or before the reporting date affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

  The amendments also clarify that the transfer of an entity's own equity instruments is regarded as settlement of a liability, in certain circumstances. If a liability has any equity conversion options, they generally affect its classification as current or noncurrent (e.g. if the conversion option is bifurcated as an embedded derivative from the host debt), unless these conversion options are recognized as equity under PAS 32, *Financial Instruments: Presentation.*

The Company has assessed its liabilities in accordance with the amendments to PAS 1, "Classification of Liabilities as Current or Non-current." The classification of liabilities reflects the Company's substantive rights to defer settlement as of the reporting date, irrespective of future events or management intentions. The financial statements present liabilities as current or non-current based on the clarified principles outlined in the amendments, ensuring compliance with applicable accounting standards.

- Amendments to PFRS 16, Leases

These amendments include requirements for sale and leaseback transactions in PFRS 16, *Leases* to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to sale and leaseback transactions entered into after the date of initial application.

Adoption of this amendment will not have any impact on the financial statements of the Company.

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

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

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

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

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

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Adoption of this amendment will not have any impact on the financial statements of the Company.

Standards/Amendments Issued but Not Yet Effective

Standards and amendments issued but not yet effective up to the date of issuance of the company financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. Unless otherwise stated, the Company intends to adopt these standards when they become effective.

Effective January 1, 2025

- PFRS 17, Insurance Contracts

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

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

  The core of PFRS 17 is the general model, supplemented by:

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

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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Adoption of the standard when it becomes effective will not have any impact on the financial statements of the Company.

- Amendments to PFRS 17, Insurance Contracts

  The amendment adds a transition option for a classification overlay to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of PFRS 17. The amendments would be available for:

  - any financial assets, including those held in respect of an activity that is unconnected to contracts within the scope of PFRS 17; and
  - both entities that initially apply PFRS 9 at the same time as they apply PFRS 17, and entities that had already applied IFRS 9 before the initial application of PFRS 17 where those entities redesignate financial assets applying paragraph C29 of PFRS 17.

  The transition option would:

  - be available, on an instrument-by-instrument basis;
  - allow an entity to present comparative information as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of PFRS 9; and
  - require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying PFRS 9.

  The amendment does not amend the transition requirements in PFRS 9. At the date of initial application of IFRS 9, an entity is required to apply the transition requirements in IFRS 9 to a financial asset, regardless of whether it has applied the classification overlay to that asset.

  The amendment in PFRS 17 is effective for reporting periods beginning on or after January 1, 2025. Early application is permitted.

  Adoption of the standard when it becomes effective will not have any impact on the financial statements of the Company.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*

  PAS 21 sets out the exchange rate that an entity uses when it reports foreign currency transactions in the functional currency or translates the results of a foreign operation in a different currency. Until now, PAS 21 set out the exchange rate to use when exchangeability between two currencies is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

  On 15 August 2023, the IASB issued amendments to IAS 21 to help entities:

  - assess exchangeability between two currencies; and
  - determine the spot exchange rate, when exchangeability is lacking

  An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments include accompanying new disclosures to help investors to understand the effects, risks and estimated rates and techniques used when a currency is not exchangeable. The new requirements will be effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted.

Adoption of this amendment when it becomes effective will not have any impact on the financial statements of the Company.

Effective January 1, 2026

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

  The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards – Volume 11' addressing non-urgent (but necessary) minor amendments to the following standards:

  - IFRS 1, *First-time Adoption of International Financial Reporting Standards* - Hedge accounting by a first-time adopter
  - IFRS 7, *Financial Instruments: Disclosures* - Gain or loss on derecognition
  - Guidance on implementing IFRS 7 *Financial Instruments: Disclosures* - Disclosure of deferred difference between fair value and transaction price and Introduction and credit risk disclosures
  - IFRS 9, *Financial Instruments* - Derecognition of lease liabilities and transaction price
  - IFRS 10, *Consolidated Financial Statements* - Determination of a 'de facto' agent
  - IAS 7, *Statement of Cash Flows* - Cost method

  This set of amendments addresses minor issues identified in various PFRS standards, aiming to enhance clarity and consistency in financial reporting. The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted.

  Adoption of this amendment when it becomes effective will not have any impact on the financial statements of the Company.

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

  The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date.

  Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

  Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

  The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only.

Adoption of this amendment when it becomes effective will not have any impact on the financial statements of the Company.

Effective January 1, 2027

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

  On 9 April 2024, the IASB issued a new standard – IFRS 18, 'Presentation and Disclosure in Financial Statements' – in response to investors' concerns about the comparability and transparency of entities' performance reporting. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or losses is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

  - Structure of the statement of profit or loss

    IFRS 18 introduces a defined structure for the statement of profit or loss. The goal of the defined structure is to reduce diversity in the reporting of the statement of profit and loss, helping users of financial statements to understand the information and to make better comparisons between companies. The structure is composed of categories and required subtotals:

    - Categories: Items in the statement of profit or loss will need to be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18 provides general guidance for entities to classify the items among these categories – the three main categories are: Operating Category, Investing Category, and Financing Category.
    - Required subtotals: IFRS 18 requires entities to present specified totals and subtotals: the main change relates to the mandatory inclusion of 'Operating profit or loss'. The other required subtotals are 'Profit or loss' and 'Profit or loss before financing and income taxes', with some exceptions (for example, where a bank has financing as a main business activity and has made specific presentation choices).

  - Disclosures related to the statement of profit or loss

    IFRS 18 introduces specific disclosure requirements related to the statement of profit or loss:

    - Management-defined performance measures: Management might define its own measures of performance, sometimes referred to as 'alternative performance measures' or 'non-GAAP measures'. IFRS 18 defines a subset of these measures which relate to an entity's financial performance as management-defined performance measures ('MPMs'). Information related to these measures should be disclosed in the financial statements in a single note, including a reconciliation between the MPM and the most similar specified subtotal in IFRS Accounting Standards. This will effectively bring a portion of non-GAAP measures into the financial statements.
    - Disclosure of expenses by nature, for entities that present the statement of profit or loss by function: Entities will present expenses in the operating category by nature, function or a mix of both. IFRS 18 includes guidance for entities to assess and determine which approach is most appropriate, based on the facts and circumstances. Where items are presented by function, an entity is required to disclose information by nature for specific expenses.

- Aggregation and disaggregation (impacting all primary financial statements and notes)

  IFRS 18 provides enhanced guidance on the principles of aggregation and disaggregation which focus on grouping items based on their shared characteristics. These principles are applied across the financial statements, and they are used in defining which line items are presented in the primary financial statements and what information is disclosed in the notes.

- Other limited changes

  IFRS 18 will make some other limited changes to presentation and disclosure in the financial statements. For example, IAS 7, 'Statement of cash flows', is amended to:

  - specify 'operating profit or loss' as the starting point for reconciling cash flows from operating activities; and
  - remove the existing options for the presentation of interest and dividends paid and received.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and so comparative information needs to be prepared under IFRS 18.

The Company will implement the standard upon its effective date.

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

  PFRS 19 provides updated guidance on accounting for subsidiaries without public accountability. The standard aims to improve consistency and comparability in financial reporting for such subsidiaries by offering detailed disclosure requirements. It is effective for annual periods beginning on or after January 1, 2027.

  Adoption of this amendment when it becomes effective will not have any impact on the financial statements of the Company.

Material Accounting Policy Information

2.1 Revenue Recognition

Revenue is income arising in the course of the Company's ordinary activities comprising of increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

The Company's revenues mainly come from hospital services and room fees, pharmacy sales, laboratory fees and vaccine sales. As such, the revenues can be categorically grouped into sales of goods (pharmacy sales) and rendering of services (hospital services and room fees, laboratory fees and vaccine sales).

Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers based on the transfer of promised goods in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

This is delivered in a five-step model framework:

> *Step 1: Identifying the contracts*
> *Step 2: Identifying the performance obligations*
> *Step 3: Determining the transaction price*
> *Step 4: Allocating the transaction price to each performance obligation*
> *Step 5: Recognizing revenue when each performance obligation is satisfied*

The Company shall recognize revenue when the performance obligation is satisfied over time.

Revenue is recognized only if the Company's progress towards the complete satisfaction of the performance obligation can be reasonably measured. If the outcome of a performance obligation cannot be reliably measured but the Company expects to recover the costs incurred in satisfying the performance obligation, revenue shall be recognized only to the extent of the cost incurred until such time that the outcome of the performance obligation can be reliably measured.

The Company uses output method for measuring progress towards complete satisfaction of its performance obligations. Output method recognizes revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

The Company has a right to consideration from its customers in an amount that corresponds directly with the value of the Company's performance completed to date. Therefore, the Company recognizes revenue in the amount to which the Company has a right to invoice.

When a performance obligation is satisfied, the Company shall recognize as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

When the customer pays the consideration, before the Company renders the service to the customer, the Company presents the contract as a contract liability in the statement of financial position when the payment is made or the payment is due (whichever is earlier). On the other hand, if the Company renders the services to the customer before the customer pays the consideration or before payment is due, the Company presents the contract as a contract asset. The Company shall present any unconditional rights to consideration separately as a receivable.

As of December 31, 2024 and 2023, the Company has no performance obligations that are unsatisfied or partially unsatisfied. Additionally, there were no considerations from contracts that were not included in the transaction price.

The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. As of December 31, 2024 and 2023, no asset has been recognized in accounting incremental costs of obtaining a contract or costs to fulfill a contract.

The Company elects to use the practical expedient in recognizing the incremental costs of obtaining a contract, if any. Such costs are recognized as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one (1) year or less.

Under the EOPT Act, all revenues are recognized net of VAT. The mandatory issuance of VAT invoices for sales of goods or services aligns revenue recognition with the accrual method prescribed under the new law.

2.2 Cost of Revenues

Cost of revenues is composed of the costs directly related to the sale of the goods and services of the Company. It includes the cost of the goods sold and the freight to obtain the goods, direct labor, and direct overhead. The cost of revenues is presented in the statement of comprehensive income as deduction to its related revenue account and recognized when the goods are sold and the services are rendered to the patients.

2.3 Operating Expenses

Operating expenses are the general and administrative expenses of the Company, normally incurred in the daily operations and in administering the business such as salaries and wages and including benefits, depreciation, communication, light, and water, security salaries, professional fees, and others that are recognized when incurred during the year.

2.4 Cash

Cash consists of cash on hand and cash in bank. Bank overdrafts, if any, are shown within borrowings as current liabilities in the statement of financial position.

As of December 31, 2024 and 2023, the Company has no cash equivalents and bank overdrafts.

2.5 Contract Assets

A contract asset is the Company's right to consideration in exchange for the goods and/or services transferred to a customer. Contract asset is recognized when the Company already transferred its promised goods and/or services to the customer before the customer pays consideration or before payment is due, with payment subject to condition other than passage of time.

The Company assesses at each statement of financial position date whether there is objective evidence that the contract asset is impaired. A contract asset is deemed to be impaired as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the contract asset that can be reliably estimated.

The Company applies the simplified approach for impairment, in accordance with PFRS 9, *Financial Instruments*. The Company measures the loss allowance of the contract asset at an amount equal to lifetime expected credit loss.

As of December 31, 2024 and 2023, the Company has no contract assets recorded due to non-operation.

2.6 Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

The Company initially measures receivables at fair value plus transaction costs that are directly attributable. For receivables that do not contain a significant financing component, initial recognition is measured at transaction price. Receivables are subsequently measured at amortized cost using the effective interest method.

The carrying amount of the asset is reduced through the use of an allowance account with the amount of the provision for the probable loss recognized in the statement of comprehensive income. When the receivable becomes uncollectible, it is written-off against the allowance account for probable losses. Further details about the Company's impairment policies and loss allowance are provided in the note for the financial instrument.

For the years ended December 31, 2024 and 2023, no accounts were written-off.

2.7 Financial Instruments

Financial instruments are any contracts which give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the financial asset.

Initial Recognition

The Company shall recognize a financial asset or a financial liability in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

Initial Measurement of Financial Instruments

The Company shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Classification and Subsequent Measurement of Financial Instruments

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Company shall classify financial assets as subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss on the basis of both: the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (fair value through profit or loss) or recognized in other comprehensive income (fair value through other comprehensive income). Management determines the classification of its instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every statement of financial position.

Financial assets that are held for collection of contractual cash flows, where those contractual cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Financial assets that are held for both collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Financial assets that do not meet the criteria for amortized cost and fair value through other comprehensive income are measured at fair value through profit or loss.

As of December 31, 2024 and 2023, the Company does not hold any financial assets measured at fair value through profit or loss and fair value through other comprehensive income.

Additionally, financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represent solely payments of principal and interest.

As of December 31, 2024 and 2023, the Company does not hold any financial assets with embedded derivatives.

Financial liabilities have two measurement categories: fair value through profit or loss and amortized cost. Financial liabilities held for trading are measured at fair value through profit or loss and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

All equity investments are to be measured at fair value in the statement of financial position, with value changes recognized in profit or loss, except for those equity investments for which the Company has elected to present value changes in 'other comprehensive income.' There is no 'cost exception' for unquoted equities.

Determination of Fair Value

The fair value for financial instruments traded in active markets at statement of financial position date is measured based on a fair value hierarchy. For level 1, the fair value is the quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date. If level 1 is not available, level 2 is used, that is, the inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If level 1 and level 2 are not available, level 3 is used for estimating the fair value, that is, the unobservable inputs for the asset or liability.

For all other financial instruments not listed in an active market, if any, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. The fair value of equity instruments is reliably measurable if the variability in the range of various estimates is not significant, or if the probabilities of the various estimates can be reasonably assessed. If these conditions are not met, the Company is precluded from measuring the instrument at fair value, and the instrument is carried at cost (less impairment) defined as carrying amount at the last day when the instrument was reliably measurable.

Reclassification of Financial Instruments

For financial assets, reclassification is required between fair value through profit or loss, fair value through other comprehensive income, and amortized cost, if and only if, the Company's business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Company does not restate any previously recognized gains, losses, or interest. The Company is not allowed to reclassify any financial liability or for equity investments measured at fair value through other comprehensive income. The Company reclassifies debt investments when, and only when, its business model for managing those assets changes.

For the years ended December 31, 2024 and 2023, the Company has not reclassified any financial assets.

Impairment of Financial Assets

There is no special accounting for impairment loss on financial assets measured at fair value. This is because all subsequent changes in fair value on these financial assets are recognized as unrealized gains or losses in profit or loss or in other comprehensive income. Only financial assets subsequently measured at amortized cost have a special accounting for impairment.

The Company assesses the forward-looking information on macroeconomic factors that affects the credit risk of the financial assets as the basis of its expected credit loss. The Company recognizes an allowance for probable losses for such expected losses at each reporting date. The allowance for probable losses is recognized for all debt instruments not held at fair value through profit or loss.

The allowance for probable losses is an estimate of the debt that the counterparty debtor is unlikely to recover. It is a contra-asset account and any increase or decrease to the allowance for probable losses is also recorded in the statement of comprehensive income as provision for probable losses.

PFRS 9, *Financial Instruments*, requires the impairment model for other financial assets using the approach discussed below:

Simplified Approach for Trade Receivables and Contract Assets

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of twenty-four (24) months before December 31, 2024 and 2023, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Philippine Gross Domestic Product (GDP) and inflation rate to be the most relevant macroeconomic factors and adjusts the historical loss rates based on expected changes in these factors.

General approach

The Entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument at the reporting date has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Impairment of financial assets is recognized in stages: Stage 1–as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses). Stage 2–if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognized in profit or loss. The calculation of interest revenue is the same as for Stage 1. Stage 3–if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount less the loss allowance). Financial assets in Stage 3 will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets such as trade receivables and contract assets for which simplified approach was used. The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognized in profit or loss unless it is part of a hedging relationship, an investment in an equity instrument and the Company has elected to present gains and losses on that investment in other comprehensive income, a financial liability designated as at fair value through profit or loss and the Company is required to present the effects of changes in the liability's credit risk in other comprehensive income or a financial asset measured at fair value through other comprehensive income.

Derecognition of Financial Assets

The Company derecognizes its financial asset when the contractual rights to receive cash flows from the financial asset have expired or when it transfers the financial asset either through transferring the rights to receive cash flows or assuming the contractual obligation to pay cash flows to other recipients in full without material delay to a third party under a "pass-through" arrangement.

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

Derecognition of Financial Liabilities

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

Transfers of Financial Assets

The Company transfers all or a part of a financial asset (the transferred financial asset) if, and only if, it either transfers the contractual rights to receive the cash flows of that financial asset or it retains the contractual rights to receive the cash flows of that financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

The Company has continuing involvement in a transferred financial asset if, as part of the transfer, the Company retains any of the contractual rights or obligations inherent in the transferred financial asset or obtains any new contractual rights or obligations relating to the transferred financial asset.

For the years ended December 31, 2024 and 2023, the Company did not transfer any of its financial assets. Thus, there were no gains or losses recognized for the years then ended.

Offsetting of Financial Instruments

Financial assets and financial liabilities can be offset with the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Hedge Accounting

All derivatives, including those linked to unquoted equity investments, are measured at fair value. Value changes are recognized in profit or loss unless the Company has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship. If certain eligibility and qualification criteria are met, hedge accounting allows the Company to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with gains or losses on the risk exposures (i.e. credit risk, liquidity risk, and market risk) they hedge.

In order to qualify for hedge accounting, the hedge relationship must meet the following effectiveness criteria at the beginning of each hedged period: (a) there is an economic relationship between the hedged item and the hedging instrument, (b) the effect of credit risk does not dominate the value changes that result from that economic relationship, and

(c) the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge. If the Company elected to apply hedge accounting by designating the derivative as a hedging instrument, it would apply the accounting for qualifying hedging relationships such as fair value hedge, cash flow or hedge of a net investment in a foreign operation.

As of December 31, 2024 and 2023, the Company has no derivatives designated as hedging instruments. Thus, the Company did not apply hedge accounting for the years then ended.

2.8 Inventories

Inventories are assets that are held for sale in the ordinary course of business or in the form of materials and supplies to be consumed in rendering of services.

Inventories are initially measured at cost. The cost of inventories includes all costs of purchase, costs of conversion, costs of production, and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase comprises the purchase price, import duties and other taxes, and transport, handling, and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labor. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The costs of production of inventories consist primarily of the labor and other costs of personnel directly engaged in providing the service, including supervisory personnel, and attributable overheads. Labor and other costs relating to sales and general administrative personnel are not included but are recognized as expenses in the period in which they are incurred.

Inventories are subsequently carried at the lower of cost and market value. The Company uses the 'First in, First Out' (FIFO) cost formula to measure the cost of inventories. When inventories are sold, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. This pertains to the cost of revenue which is expensed as incurred.

Impairment of Inventories

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its market value. If inventories are impaired, the Company reduces the carrying amount to its market value. Market value is determined as the probable selling price to willing buyers as of reporting date. That reduction is an impairment loss and it is recognized immediately in profit or loss.

When the circumstances that previously caused inventories to be impaired no longer exist, or when there is clear evidence of an increase in market value because of changed economic circumstances, the Company shall reverse the amount of the impairment so that the new carrying amount is the lower of the cost and the revised market value.

As of December 31, 2024 and 2023, no inventories were pledged as security for liabilities. Also, there were no impairment losses or write-down of inventories, and reversals thereof, for the years then ended.

2.9 <u>Other Current Assets</u>

Current assets represent assets that can reasonably be expected to be realized for no more than twelve (12) months after the reporting date. Otherwise, they are classified as noncurrent assets.

Input VAT Carry-Over

Input VAT carry over occurs when input VAT exceeds output VAT. The excess shall be carried over to the next calendar year.

Advances to Suppliers

This account refers to the amount that has been paid to suppliers in advance for goods and services that are to be purchased at a later date.

2.10 <u>Property and Equipment</u>

Property and equipment are tangible assets that:

a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
b) are expected to be used during more than one period.

The Company shall initially measure an item of property and equipment at its cost. This is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

The initial cost of property and equipment consists of its purchase price net of trade discounts and rebates, including import duties and non-refundable purchase taxes plus any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use plus any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent Measurement

After initial recognition, the Company shall measure all items of property and equipment, except land, at cost less accumulated depreciation and any impairment losses. Land and non-depreciable land improvements are shown at cost less any impairment in value.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The following are the Company's property and equipment with their estimated useful life:

Container Van and Vehicles	10 years
Office and Other Equipment	5 years
Furniture and Fixtures	10 years
Medical Equipment and Fixture	10 years

As land does not have a finite useful life, related carrying amounts are not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company. The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date. This is to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Presently, the Company has a building under construction. The construction is estimated to be completed in the years to come. Depreciation on the said asset shall commence once the asset is available for use. This asset is classified as Construction in Progress under noncurrent assets in the statement of financial position.

Construction in progress is a long-term asset account in which the costs of constructing long-term assets are recorded. The account is reported in the statement of financial position.

The costs of a constructed asset are accumulated until the asset is placed into service. When the asset is completed and placed into service, the account construction in progress will be credited for the accumulated costs of the asset and will be debited to the appropriate property and equipment account. Depreciation begins after the asset has been placed into service.

Derecognition

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are eliminate from the accounts and any resulting gain or loss from the disposal is credited or charged to current operations.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

When property and equipment are retired, or otherwise disposed of, the cost and the accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

As of December 31, 2024 and 2023, the Company has no contractual commitments to acquire property, plant and equipment and has not received compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in the statement of comprehensive income.

For the years ended December 31, 2024 and 2023, the Company has no acquisitions of property, plant and equipment through business combination, and there are no temporarily idle property, plant and equipment identified. Additionally, there are no items in property, plant and equipment account whose fair value is materially different from its carrying amount.

2.11 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. The critical attributes of an intangible asset are: (a) identifiability, (b) control and (c) future economic benefits.

An intangible asset is identifiable when it is capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Company or from other rights and obligations. The definition of an intangible asset requires an intangible asset to be identifiable to distinguish it from goodwill.

Recognition

An intangible asset is recognized if, and only if it is probable that the future economic benefits that are attributable to the asset will flow to the Company, the cost of the asset can be measured reliably, and the asset does not result from expenditure incurred internally on an intangible item.

Initial Measurement

Intangible assets are initially measured at cost. This is the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use.

Expenditure on an intangible item that was initially recognized as an expense shall not be recognized at a later date as part of the cost of an asset.

Subsequent Measurement

The Company's intangible asset pertains to its hospital software. After initial recognition, the Company shall measure intangible assets using the cost model to subsequently measure its intangible assets, which is cost less any accumulated amortization and accumulated impairment losses, if any. The useful life is 10 years, subject to renewal. Amortization of intangible assets is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method.

Amortization begins when the intangible asset is available for use. The amortization charge for each period shall be recognized as an expense in the statement of comprehensive income. Amortization ceases when the asset is derecognized.

Marketing and advertising costs, as well as the royalties paid, are charged to the statement of comprehensive income as incurred.

Retirements and Disposals

An intangible asset shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The cost and the related accumulated amortization and impairment losses, if any, are removed from the accounts, and the resulting gain or loss arising from the retirement or disposal is recognized in the profit or loss.

As of December 31, 2024 and 2023, the Company has no intangible asset to which the Company has restricted title or that is pledged as security for liabilities or used as collateral.

The Company also has not entered into any relevant contractual commitments pending as of year-end.

2.12 Impairment of Assets

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount. At each end of the reporting period, the Company assesses whether there is any indication that its tangible assets may be impaired. When an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

For the years ended December 31, 2024 and 2023, there were no impairment losses and reversals of impairment losses of assets recognized.

2.13 Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. These payables arise from past transactions and events, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

Trade and other payables are recognized initially at transaction price including transaction costs. Due to the short-term maturity of the accounts and an absence of a significant financing component, the payables are classified as current liabilities and subsequently measured at the undiscounted amount of the cash expected to be paid.

2.14 Contract Liabilities

A contract liability is the Company's obligation to transfer goods and/or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration, or has a right to an amount of consideration that is unconditional (i.e. a receivable), before Company transfers the promised good to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due, whichever is earlier.

As of December 31, 2024 and 2023, the Company has no recorded contract liability.

2.15 Income Tax

Income taxes include all domestic and foreign taxes that are based on taxable profit. Income tax also includes taxes such as withholding taxes, that are payable by a subsidiary, associate, or joint venture on distributions to the reporting entity.

Current Income Tax

The amount of income tax payable (recoverable) in respect of the taxable profit (loss) for a period is the current tax expense. This is also the amount of tax required to be paid to the BIR. Any unpaid current tax for the current and prior periods is recognized as a liability as 'income tax payable' in the statement of financial position under current liabilities. If the amount paid for the current and prior periods exceeds the amount payable for those periods, the excess is recognized as a current tax asset presented in a separate line item in the statement of financial position. When a tax loss is used to recover current tax of a previous period, the Company recognizes the benefit as an asset in which the tax loss occurs because it is probable that the benefit will flow to the Company and the benefit can be reliably measured.

Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred Income Tax

Deferred tax is provided, using the asset-liability method or also called as the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are the amounts of income tax payable in the future periods in respect of deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits. On the other hand, deferred tax liabilities are the amounts of income tax payable in future periods in respect of taxable temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. It may either be taxable temporary differences or deductible temporary differences.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and deferred tax liabilities are measured using the average rates that are expected to apply to the taxable profit (loss) of the periods in which the temporary differences are expected to reverse.

The measurement of the deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

Deferred tax expense (benefit) represents the net changes in the deferred tax liabilities and deferred tax assets during the period. If the increase in deferred tax liabilities exceeds the increase in deferred tax assets, the difference is referred to as deferred tax expense. Otherwise, the difference will be referred to as deferred tax benefit.

Offsetting of Current and Deferred Income Tax

Current tax assets and current tax liabilities can only be offset in the statement of financial position if the Company has the legal right and the intention to settle on a net basis.

On the other hand, deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the Company has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

2.16 Employee Benefits

Employee benefits are all forms of consideration given by the entity to its employees in exchange for services rendered or for the termination of employment. It is categorized as short-term employee benefits, termination benefits, post-employment benefits and other long-term benefits.

Short-term Employee Benefits

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the current employees render the related services (such as wages, salaries, SSS contributions, paid annual and sick leave, and bonuses. The entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service either as an expense or a liability, after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognize that excess as an asset.

The law mandates certain contributions that should be provided by an employer to his employees, namely contributions to: (1) the Social Security System, (2) PhilHealth and (3) Pag-IBIG Fund.

The Social Security System (SSS) provides the following benefits to employees, in addition to its Loan Programs: Sickness, Maternity, Disability, Death/Funeral and Retirement benefits. So long as an employer has employees who are below sixty (60) years old, the employer is mandated to remit to the SSS, as employer's contribution, approximately 60% of the total monthly SSS contribution for each employee.

Once an employer/employee is a member of the SSS, he is also a member of the PhilHealth program. The contribution to the PhilHealth is shared by the employer and employee equally.

Finally, all SSS members who are earning at least five thousand pesos (Php5,000) are also required to become a member of the Pag-IBIG Fund, which is basically a savings and loan association. Just like the PhilHealth program, the employers and employees share the monthly contribution equally with a minimum of one hundred pesos (Php100) each per month.

Salaries and wages given to employees are based on the minimum wage and are reviewed periodically to determine its adequacy and to determine possible increase. In addition, the Labor Code of the Philippines provides for the payment of a 13th month of salary or a proportionate amount, in case employees render service for a fraction of a year during the current period.

The Philippine Labor Code also mandates the granting of vacation leave and sick leave, which are known as compensated absences. They are called compensated absences because employees receive compensation for their absences during the period covered by their leave.

Female employees are also entitled maternity leave for a period provided in the Labor Code. Male employees, on the other hand, are granted paternity leave when their spouses give birth.

Liabilities and payments with regards to short-term employee benefits are recognized as expenses when the employees have rendered service entitling them to such benefits.

Termination Benefits

Since termination benefits do not provide an entity with future economic benefits, a company shall recognize them as an expense in profit or loss immediately.

The Company shall recognize termination benefits as a liability and an expense only when the entity is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date; or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Company shall measure termination benefits at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

When the termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

Presently, the Company has not yet recognized any termination benefits because there were no authorized causes for termination such as installation of labor-saving devices, redundancy, retrenchment, closure or cessation of business, or incurable disease.

Post-employment Benefits

Post-employment benefits are employee benefits other than termination benefits and short-term employee benefits that are payable after the completion of employment. Post-employment benefits are formal or informal arrangements under which the Company provides post-employment benefits for one or more employees. Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.
For defined contribution plans, the Company shall recognize the contribution payable for a period as a liability, after deducting any amount already paid. If contribution payments exceed the contribution due for service before the reporting date, the Company shall recognize that excess as an asset or as an expense.

For defined benefit plans, the Company shall recognize a liability for its obligations under defined benefit plans net of plan assets–its 'defined benefit liability' and recognizes the net change in that liability during the period as the cost of its defined benefit plans during the period.

Under Section 28 of PFRS, "Employee Benefits," the cost of defined retirement benefits, including those mandated under Presidential Decree No. 442, "Labor Code of the Philippines," as amended, and RA No. 7641, "Retirement Pay Law," should be determined using the accrued benefit valuation method or the projected benefit method. The law further stipulates that in the absence of a formal retirement plan or agreement providing for retirement benefits of employees in the Company, employees upon reaching the age of sixty (60) years or more, but not beyond sixty five (65) years which is declared to be the compulsory retirement age, who has served at least five (5) years in the Company, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. Unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than five (5) days of service incentive leaves. The law likewise provides that retail, service and agricultural establishments or operations employing not more than ten (10) employees or workers are exempted from the coverage of the said law.

As of reporting date, the Company has not yet recognized any post-employment benefits obligation as its employees have yet to meet the minimum requirements set by the law that would entitle them to such benefits.

2.17 Borrowings and Borrowing Costs

Borrowings are recognized initially at fair value which is its transaction price equivalent to the present value of the payable including transaction costs. Borrowings are subsequently stated at amortized cost.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs include interest expense calculated using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Other borrowing costs are recognized as expense in the period in which they are incurred.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. That could be property, plant, and equipment during the construction period, intangible assets during the development period, or "made-to-order" inventories.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where funds are part of a general pool, the eligible amount is determined by applying a capitalization rate to the expenditure on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

Capitalization would commence when expenditures are being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress (this may include some activities prior to commencement of physical production). Capitalization would be suspended during periods in which active development is interrupted. Capitalization would cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities necessary to prepare that part for its intended use or sale are complete.

2.18 Deposit for Future Stock Subscription

Deposit for future stock subscriptions refer to the payments made by the shareholders of the Company on subscription to the increase in the authorized share capital which cannot be directly credited to share capital issued, pending approval by the SEC of the amendment to the Articles of Incorporation for the increase in share capital. Under the Financial Reporting Bulletin 006, as revised in 2017, the Company should not consider a deposit for future stock subscription as an equity instrument unless all of the following elements are present:

a) The unissued authorized capital of the Company is insufficient to cover the amount of shares indicated in the contract;
b) There is a Board of Directors' approval on the proposed increase in authorized share capital (for which a deposit was received by the Company);
c) There is shareholders' approval of said proposed increase; and
d) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

2.19 Share Capital

Share capital is the amount fixed in the Articles of Incorporation to be subscribed and paid in or secured to be paid in by the shareholders of the corporation, either in money or property or services, at the organization of the corporation, or afterwards and upon which the corporation is to conduct its operations.

Share capital is measured at par value for all shares issued. When the Company issues more than one class of share capital, a separate account is maintained for each class of share capital and the number of shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "additional paid-in capital" account. Incremental costs incurred directly attributable to the issuance of new shares are shown in the equity as deduction from proceeds, net of tax.

A preferred stock is a class of ownership that has a higher claim on its assets and earnings than common stock. Preferred shares have a dividend that must be paid out before dividends to common shareholders. These shares usually do not carry voting rights.

Ordinary shares or common shares shall be entitled to receive dividends as may be declared after the requirements with respect to preferential dividends on preferred shares have been met. After distribution in full of the preferential amounts to be distributed to the holders of preferred shares in event of voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Company, the holders of commons shares shall be entitled to receive all remaining assets of the Company for whatever kind available for distribution to shareholders ratably proportion to the number of common shares held by them respectively. Except as may be otherwise required by law or by Articles of

Incorporation, each holder of common shares shall have one vote in respect of each share held.

Founder's shares are shares exclusively issued to the originators of the Company. The holders of these shares have the exclusive right to vote and be voted upon in the election of directors for a limited period not to exceed five (5) years from the date of incorporation.

Subscribed share capital

Subscribed share capital is part of the authorized share capital which has been sold, whether paid or not by shareholders and is measured at par value.

Subscription receivable

Subscription receivable is the portion of issued share capital that remained unpaid as of reporting date. This is presented as part of the current assets if maturity is within twelve (12) months from the financial reporting period. Otherwise, it is presented as a deduction from equity.

2.20 Retained Earnings

Retained earnings represents the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments, if any. When retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Appropriated Retained Earnings

These pertain to the restricted portion of the Company's accumulated profits that are appropriated for Company and capital expenditures.

Unappropriated Retained Earnings

These pertain to the unrestricted portion of the Company's accumulated profits that are available to meet current operational needs.

2.21 Additional Paid-In Capital

Additional paid-in-capital represents the excess paid by a shareholder over and above the par-value of a share issued and is included in the shareholders' equity section of the Corporation's statement of financial position.

2.22 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23 Prior Period Errors

Prior period errors are omissions from, and misstatements in, a Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Prior period errors must be corrected retrospectively in the financial statements. Retrospective application means the correction affects only prior period comparative figures. Current period amounts are unaffected.

Where impracticability impairs a Company's ability to correct an accounting error retrospectively from the earliest prior period presented, the correction must be applied prospectively from the beginning of the earliest period feasible.

2.24 <u>Related Party Transactions</u>

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals are also considered related parties.

Transactions between related parties recorded in the books of the Company as "Due to/from Related Parties." In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

2.25 <u>Basic Earnings per Share</u>

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The computation for loss per share for the years ended December 31, 2024 and 2023 are as follows:

	9/30/2024	6/30/2024
Net Loss	**(17,763,895)**	(63,677,758)
Divided By: Weighted Average Ordinary Outstanding Shares*	**313,110**	155,000
Loss per Share	**(56.73)**	(410.82)

**Ordinary Outstanding Shares pertain to Common and Founder Shares issued.*

2.26 <u>Provisions and Contingencies</u>

Provisions are liabilities of uncertain timing or amount. The Company recognizes provisions if, and only if: (a) a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), (b) payment is probable and (c) the amount can be estimated reliably.

An obligating event is an event that creates a legal or constructive obligation and, therefore, results in the Company having no realistic alternative but to settle the obligation. A constructive obligation arises if past practice creates a valid expectation on the part of a third party.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that the Company would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party. In reaching its best estimate, the Company should take into account the risks and uncertainties that surround the underlying events. If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement should be recognized as a separate asset, and not as a reduction of the required provision, when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

Contingent liabilities are possible obligations depending on whether some uncertain future event occurs or present obligations but payment is not probable or the amount cannot be measured reliably. A possible obligation (a contingent liability) is disclosed but not accrued. However, disclosure is not required if payment is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets should not be recognized but should be disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

As of December 31, 2024 and 2023, the Company has no provisions or contingencies.

2.27 <u>Events After the End of the Reporting Period</u>

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Post year-end events that provide additional information about the position of the Company at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

There were no events after the end of the reporting period that were material enough to require adjustments to the amounts shown on the face of the financial statements nor of the accompanying notes.

Management's Use of Judgements and Estimates

The preparation of the financial statements in conformity with Philippine Financial Reporting Standards requires management to make estimates and assumptions that affect certain reported amounts and disclosures. In preparing the financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. All estimates consider the changes introduced by the EOPT Act, particularly in tax computation and reporting methodologies. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Accordingly, actual results could differ from those estimates, and such estimates will be adjusted accordingly.

The following are the key assumptions that have significant risk of material adjustment to the carrying amounts of assets and liabilities within the financial year.

a) *Estimating the Useful Lives of Property and Equipment*

The estimated useful life of each of the company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. However, Information regarding technical evaluation of asset utilization and related industry benchmark on the anticipated use of similar assets may not always be available to management at the time of these estimates. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment and investment property would increase the recorded operating expenses and cost of sales and decrease noncurrent assets.

b) *Impairment of Property and Equipment*

An impairment review is performed when certain impairment indicators are present. If there is an indication of possible impairment, the recoverable amount of any affected property and equipment is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately on the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the property and equipment is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the property and equipment in prior years. A reversal of impairment loss is recognized immediately on the statement of comprehensive income.

The determination of the value of property and equipment and other noncurrent assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment are impaired. Any resulting impairment loss could have a material impact on the financial condition and financial performance of the Company.

The preparation of the estimated future cash flows involves judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges under PFRS.

For the years ended December 31, 2024 and 2023, there were no impairment losses and reversals of impairment losses of property and equipment recognized.

c) *Applicability of Deferred Tax Assets*

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in the statement of comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (loss) of the periods in which it expects the deferred tax asset to be realized, on the basis of the tax rates that have been enacted or substantively enacted by the end of the reporting period. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that taxable profits will be available against which future income tax deductions can be utilized.

d) *Recognizing Revenue Over Time*

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Company fits into one of the above-stated criteria, and therefore recognized revenue over tome in accordance with PFRS 15.

e) *Determining the Timing of Satisfaction of the Performance Obligation*

The Company's performance obligation at a point in time is satisfied upon the delivery of the goods to the customers as it is at this point that the customers obtain control of the promised goods due to the observance of the following indicators:

a) The Company has a present right to payment for the goods. If a customer presently is obliged to pay for the goods, then that indicates that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods in exchange.
b) The customer has legal title to the goods. Legal title may indicate which party to a contract has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or to restrict the access of other entities to those benefits. Therefore, the transfer of legal title of the goods indicates that the customer has obtained control of the goods. If the Company retains legal title solely as protection against the customer's failure to pay, those rights of the Company would not preclude the customer from obtaining control of the goods.
c) The Company has transferred physical possession of the goods. The customer's physical possession of the goods indicates that the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or to restrict the access of other entities to those benefits.
d) The customer has the significant risks and rewards of ownership of the goods. The transfer of the significant risks and rewards of ownership of the goods to the customer indicates that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods. However, when

evaluating the risks and rewards of ownership of a promised asset, the Company excludes any risks that give rise to a separate performance obligation in addition to the performance obligation to transfer the goods.

e) The customer has accepted the goods. The customer's acceptance of the goods indicates that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods.

h.) Determining the Transaction Price

To determine the transaction price, the Company considered the terms of the contract and its customary business practices. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The Company also assumed that the goods will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.

For the years ended December 31, 2024 and 2023, no variable consideration, consideration payable to a customer, or obligations for returns, refunds and such were recognized. Also, the contracts had no significant financing component with only cash as the only form of consideration being accepted by the Company.

i.) Allocating the Transaction Price to the Performance Obligation

The objective when allocating the transaction price is for the Company to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods to the customer. The Company has only one performance obligation, i.e. delivery of goods, and as such, no allocation of the transaction price was necessary.

j.) Assets Recognized from the Costs to Obtain or Fulfill a Contract with a Customer

The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

As of December 31, 2024 and 2023, no assets from the costs to obtain or fulfil the contracts with the customers were recognized. Moreover, the Company has elected to use the practical expedient in recognizing the incremental costs of obtaining a contract, if any. Such costs are recognized as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one (1) year or less.

k.) Legal Contingency

The estimate of probable costs for the resolution of possible claims has been developed in consultation with legal counsel handling the Company's defense in these matters and is based upon an analysis of potential results of the litigations; no provision for probable losses arising from legal contingencies was recognized in the financial statements in 2024 and 2023.

l.) Judgments

In the process of applying the Company's accounting policies, management exercised sound judgment including those involving estimates that has significant effect on the amounts recognized in the financial statements.

3. CASH

The cash account of the Company as of December 31, 2024 and 2023 are composed of the following:

	2024	2023
Cash in Bank	26,572,926	857,640
Cash on Hand	1,802,798	100,000
Cash	28,375,724	957,640

The Company's cash in bank as of December 31, 2024 and 2023 are broken down as follows:

	2024	2023
Bank of the Philippine Islands	18,940,565	–
Land Bank of the Philippines	4,905,744	–
Rizal Commercial Banking Corporation	1,075,018	–
China Banking Corporation	1,046,194	–
Metropolitan Bank & Trust Company	532,043	726,700
Development Bank of the Philippines	73,362	130,940
Cash in Bank	26,572,926	857,640

Cash in bank earns interest at prevailing bank deposit rates. Interest income earned in December 31, 2024 and 2023 amounted to Php11,476 and Php91,572 respectively. (*See note 16, Other Income*). The Company's cash are all unrestricted in use and free from any liens or encumbrances.

4. RECEIVABLES

The Receivables of the Company as of December 31, 2024 and 2023 are composed of the following:

	2024	2023
Receivables from PhilHealth	18,761,477	–
Other Receivables	9,859,128	–
Receivables	28,620,605	–

5. INVENTORIES

The Inventories of the Company as of December 31, 2024 and 2023 are composed of the following:

	2024	2023
Medicines - Pharmacy	4,523,004	–
Medical and Other Supplies	4,422,909	–
Laboratory Supplies and Reagent	1,967,047	–
Inventories	10,912,960	–

6. **OTHER CURRENT ASSETS**

The other current assets account of the Company as of December 31, 2024 and 2023 are composed of the following:

	2024	2023
Input VAT Carry-Over	**91,697,266**	82,917,123
Advances to Employees	**2,844,418**	–
Advances to Suppliers	**4,889,631**	104,800
Other Current Assets	**99,431,315**	83,021,923

7. **PROPERTY AND EQUIPMENT**

The property and equipment account of the Company as of December 31, 2024 and December 31, 2023 are composed of the following:

	1/1/2024 Balance	Additions/ Provisions	12/31/2024 Balance
Cost			
Land	32,412,704	–	**32,412,704**
Container Van and Vehicles	5,276,050	–	**5,276,050**
Office and Other Equipment	33,002,463	548,750	**33,551,213**
Furniture and Fixtures	31,963,191	1,357,772	**33,320,963**
Medical Equipment and Fixture	51,099,024	24,387,995	**75,487,019**
Total Cost	153,753,432	26,294,517	**180,047,949**
Accumulated depreciation			
Container Van and Vehicles	1,144,769	527,605	**1,672,374**
Office and Other Equipment	9,945,900	6,710,243	**16,656,143**
Furniture and Fixtures	6,044,506	3,332,096	**9,376,602**
Medical Equipment and Fixture	–	1,887,175	**1,887,175**
Total Accumulated Depreciation	17,135,175	12,457,119	**29,592,294**
Net book value			
Land	32,412,704		**32,412,704**
Container Van and Vehicles	4,131,281		**3,603,676**
Office and Other Equipment	23,056,563		**16,895,070**
Furniture and Fixtures	25,918,685		**23,944,361**
Medical Equipment and Fixture	51,099,024		**73,599,844**
Property and Equipment, net	136,618,257		**150,455,655**

	1/1/2023 Balance	Additions/ Provisions	12/31/2023 Balance
Cost			
Land	32,412,704	–	32,412,704
Container Van and Vehicles	5,276,050	–	5,276,050
Office and Other Equipment	32,267,358	735,105	33,002,463
Furniture and Fixtures	30,431,580	1,531,611	31,963,191
Medical Equipment and Fixture	50,129,440	969,584	51,099,024
Total Cost	150,517,132	3,236,300	153,753,432

	1/1/2023 Balance	Additions/ Provisions	12/31/2023 Balance
Accumulated depreciation			
Container Van and Vehicles	617,164	527,605	1,144,769
Office and Other Equipment	3,492,428	6,453,472	9,945,900
Furniture and Fixtures	3,001,348	3,043,158	6,044,506
Medical Equipment and Fixture	–	–	–
Total Accumulated Depreciation	7,110,940	10,024,235	17,135,175
Net book value			
Land	32,412,704		32,412,704
Container Van and Vehicles	4,658,886		4,131,281
Office and Other Equipment	28,774,930		23,056,563
Furniture and Fixtures	27,430,232		25,918,685
Medical Equipment and Fixture	50,129,440		51,099,024
Property and Equipment, net	143,406,192		136,618,257

There were no disposal or retirement of property and equipment as of December 31, 2024 and 2023. The Company's land and medical equipment and fixture are currently held as collateral to secure its loans with the Development Bank of the Philippines. See Note 8, *Loans Payable* for further information.

8. CONSTRUCTION IN PROGRESS

As of December 31, 2024 and 2023, the movement of this account are as follows:

	1/1/2024 Balance	Additions/ Provisions	12/31/2024 Balance
Construction in Progress	781,630,486	66,090,482	**847,720,968**

	1/1/2023 Balance	Additions/ Provisions	12/31/2023 Balance
Construction in Progress	740,847,452	40,783,034	781,630,486

The loan the Company entered into is related to the construction of its qualifying asset. The interest expense (borrowing cost) therein was capitalized as part of its construction in progress account. Additions to construction in progress account includes capitalizable interest expense (borrowing cost). The building under construction was held as collateral to secure the term loan agreement of the Company with the creditor bank. See Note 8, Loans Payable, for further discussion.

9. INTANGIBLE ASSETS

As of December 31, 2024 and 2023, the movement of this account are as follows:

	1/1/2024 Balance	Additions/ Provisions	12/31/2024 Balance
Cost			
Software	184,375	2,337,500	**2,521,875**
Accumulated Amortization			
Software	47,588	252,188	**299,776**
Intangible Assets, net	136,787		**2,222,099**

	1/1/2023 Balance	Additions/ Provisions	12/31/2023 Balance
Cost			
Software	184,375	–	184,375
Accumulated Amortization			
Software	29,151	18,437	47,588
Intangible Assets, net	155,224		136,787

As of December 31, 2024 and 2023, there were no retirement or disposal of intangible assets occurred.

10. OTHER NONCURRENT ASSETS

The other noncurrent assets account of the Company as of December 31, 2024 and December 31, 2023 consists of the following:

	2024	2023
Energy Deposit	4,609,112	4,609,112

11. TRADE AND OTHER PAYABLES

As of December 31, 2024 and 2023, this account represents amounts payable to contractors. Trade and other payables are non-interest bearing and are payable within one year after reporting period. These are fully settled upon maturity on a lump-sum basis and impose no restrictions on the Company.

The account consists of the following:

	2024	2023
Accounts Payable	53,921,002	75,311,678
SSS, PHIC, and HDMF Payable	859,638	175,455
Professional Fee Payable	678,789	–
Withholding Tax Payable- Compensation/Expanded	290,239	27,890
SSS and HDMF Loans Payable	76,028	–
Deposits from Patients	29,948	–
Accrued Expenses	–	612,396
Trade and Other Payables	55,855,644	76,127,419

12. LOANS PAYABLE

The Company previously entered into two term loan agreements with the Development Bank of the Philippines (DBP), one in 2018, and the other in 2021. The details of each loan are summarized as follows:

	DBP Loan 1 – Construction	DBP Loan 2 – Equipment and Utilities
Date Entered	December 3, 2018	July 1, 2021
Purpose	Finance the construction of hospital buildings	Partly finance its acquisition of hospital equipment and building utilities
Credit Line	Php450,000,000	Php430,000,000
Maturity	15 years, with 3 years grace period	10 years, with 2 years grace period
Interest Rate	5.25% per annum	5% per annum

During the year 2024, the Company entered into six (6) term loan agreements with the Bank of the Philippine Islands (BPI), all of which were acquired during the year 2024. The details of each loan are summarized as follows:

	BPI Loan 1	BPI Loan 2
Date Entered	February 13, 2024	February 13, 2024
Purpose	To take out loan outstanding balance with DBP and partly finance the construction of hospital buildings	To take out loan outstanding balance with DBP and partly finance its acquisition of hospital equipment and building utilities
Credit line	Php422,387,000	Php284,529,000
Maturity	10 years, with 2 years grace period	10 years, with 2 years grace period
Interest rate	Prevailing Market Rates	Prevailing Market Rates
	BPI Loan 3	BPI Loan 4
Date Entered	February 13, 2024	February 13, 2024
Purpose	Partially re-finance the construction of hospital buildings	Partially finance the construction of the 2-storey dietary building with commercial space
Credit line	Php90,000,000	Php22,500,000
Maturity	10 years, with 2 years grace period	10 years, with 2 years grace period
Interest rate	Prevailing Market Rates	Prevailing Market Rates
	BPI Loan 5	BPI Loan 6
Date Entered	February 13, 2024	February 13, 2024
Purpose	Partly finance its acquisition of hospital equipment and building utilities	To take out loan outstanding balance with DBP and partly finance its acquisition of hospital equipment and building utilities
Credit line	Php60,000,000	Php3,000,000
Maturity	10 years, with 2 years grace period	4 Years, with 2 months grace period or up to October 3, 2027
Interest rate	Prevailing Market Rates	Prevailing Market Rates

The movement of the loans payable account for the years ended December 31, 2024 and 2023 are as follows:

	1/31/2024 Balance	Additions	(Payments)	Release from Buy-Out	**12/31/2024 Balance**
DBP - Hospital Building	429,343,182	–	(6,956,182)	(422,387,000)	**–**
DBP - Hospital Equipment	293,299,412	–	(6,020,412)	(287,279,000)	**–**
BPI- Construction Loan	–	534,887,000	–	–	**534,887,000**
BPI- Equipment Loan	–	292,875,500	(625,000)	–	**292,250,500**
BPI- Working Capital Loan	–	50,000,000	–	–	**50,000,000**
Totals	722,642,594	877,762,500	(13,601,594)	(709,666,000)	**877,137,500**

	1/31/2023 Balance	Additions	Payments	12/31/2023 Balance
DBP - Hospital Building	442,500,000	–	(13,156,818)	429,343,182
DBP - Hospital Equipment	294,800,000	13,705,000	(15,205,588)	293,299,412
Totals	737,300,000	13,705,000	(28,362,406)	722,642,594

The first loan with DBP was wholly secured by the Company's land and project under construction, while the second loan is secured with movable assets as listed in the Annex C of its security agreement with DBP, as well as the receivables arising from Philippine Health Insurance Corporation, if any.

Out of the total outstanding loans payable, the current portion as of December 31, 2024 and 2023 amounts to Php750,000 and Php31,900,331 , respectively.

The book value of the assets held as collaterals as of December 31, 2024 and 2023 are as follows:

	2024	2023
Land	32,412,704	32,412,704
Construction in Progress	847,720,968	781,630,486
Medical Equipment and Fixture	73,599,844	51,099,024
Total Net Book Value	953,733,516	865,142,214

For the years ended December 31, 2024 and 2023, the Company paid the following finance cost:

	2024	2023
Finance Cost- Capitalized as part of Construction in Progress	34,835,941	23,134,094
Finance Cost- Charged to Profit or Loss	24,790,091	16,969,567
Finance Cost	59,626,031	40,103,661

The finance cost paid and incurred by the Company for the years ended December 31, 2024 and 2023 are broken down as follows:

	2024	2023
Construction		
Interest	29,238,591	23,134,094
Documentary Stamp Tax	3,167,903	–
Gross Receipts Tax	2,429,447	254,012
Equipment and Utilities		
Interest	19,914,877	16,434,207
Documentary Stamp Tax	2,133,968	102,788
Gross Receipts Tax	1,763,056	178,560
Working Capital Loan		
Documentary Stamp Tax	978,190	–
Finance Cost	59,626,031	40,103,661

For the years ended December 31, 2024 and 2023, the interest expense on the construction loan amounting to Php34,835,941 and Php23,134,094 , respectively, were capitalized to the construction in progress account.

The interest expense on equipment and utilities loan, as well as the documentary stamp taxes and gross receipts taxes on both loans with an aggregate value of Php24,790,091 and Php16,969,567 are recognized as expense for the years ended December 31, 2024 and 2023, respectively.

Documentary stamp taxes are remitted to the BIR by the related intermediary financial institution. The Company did not incur any default in paying the interests of the loan and no restrictive covenants were imposed by DBP.

The following were the conditions set by DBP for Construction Loans:

- Conduct its business in an orderly, efficient, and customary manner.
- Maintain adequate books, accounts, and records.
- Comply with applicable laws, statutes, rules, regulations, orders, and directives of any government agency.

- Pay all indebtedness and perform all contractual obligations promptly and in accordance with the terms.
- Deliver to the lender its financial statements.
- Promptly give written notice any legal proceedings and other matters.
- Open and maintain depository account.
- Environmental compliance.
- Not make or permit any material change in the character of its business, or engage in any business operation or activity other than authorized by law.
- Not permit any material change in ownership or control of its business or of its capital stock or in the composition of top-level management.
- Not incur additional loan.
- Not act as guarantor or surety.
- Not declare or pay dividends.
- Not sell, lease, transfer, or dispose all or substantially the properties and assets.
- Not extend any loans, advances, and subsidies.
- Not create or suffer to exist any lien, security interest, or other charge or encumbrance, or any other type of preferential arrangement.
- It will not permit the ratio of its total debt-to-equity to exceed 2:1 at any time during the entire term of the loan.
- It will not permit the ratio of its current assets to current liabilities to be less than 1:1 at any time until after the term of the loan.
- It will not permit the ratio of its net operating income to total debts to be less than 1x at any time.

The following were the conditions set by DBP for Equipment and Utilities Loans:

- Conduct its business in an orderly, efficient, and customary manner.
- Maintain adequate books, accounts, and records.
- Comply with applicable laws, statutes, rules, regulations, orders, and directives of any government agency.
- Pay all indebtedness and perform all contractual obligations promptly and in accordance with the terms.
- Deliver to the lender its financial statements.
- Promptly give written notice any legal proceedings and other matters.
- Open and maintain depository account.
- Environmental compliance.
- Not make or permit any material change in the character of its business, or engage in any business operation or activity other than authorized by law.
- Not permit any material change in ownership or control of its business or of its capital stock or in the composition of top-level management.
- Not incur additional loan.
- Not act as guarantor or surety.
- Not declare or pay dividends.
- Not sell, lease, transfer, or dispose all or substantially the properties and assets.
- Not extend any loans, advances, and subsidies.
- Not create or suffer to exist any lien, security interest, or other charge or encumbrance, or any other type of preferential arrangement.
- It will not permit the ratio of its total debt-to-equity to exceed 2:1 at any time during the entire term of the loan.
- It will not permit the ratio of its current assets to current liabilities to be less than 1:1 at any time until after the term of the loan.

- It will not permit the ratio of its net operating income to total debts to be less than 1x at any time.

The following were the conditions set by BPI for its Loans:

- Utilize the proceeds of the Loan exclusively for the purpose stated in the loan agreement.
- Ensure that improvements up to the extent of the outstanding balance of the Loan net of the valuation of the asset mortgaged and maintain such insurance in force until the Loan shall have been fully paid.
- Promptly pay and discharge all taxes assessments and governmental charges of whatever nature validity and legally levied upon it or against its properties and business.
- Maintain the mortgaged asset in good condition and shall conduct its business in consonance with good business practices.
- Should the collateral be lost or damaged or shall suffer an appreciable depreciation in value, the borrower shall furnish the bank additional securities.
- Furnish the bank with audited financial statements within 90 days after the end of each fiscal year, certified by independent public accountants acceptable to the bank.
- Furnish the bank financial statements within 60 days after the end of each quarter.
- Submit to the bank a certificate of non-default thirty business days after the end of each quarter.
- Furnish the bank such other information as the bank may reasonable request in writing.
- Shoulder all out-of-pocket expenses related to the loan
- Keep adequate books of record and account in accordance with GAAP.
- Not effect any merger, consolidation or other material change in its ownership, corporate set-up or management.
- Not incur, create, assure or permit to exist any additional indebtedness except in normal course of business.
- Not engage in any business except for business authorized by its Articles of Incorporation.
- Not sell, transfer, convey or dispose of any substantial portion of its assets without prior written consent of the Bank
- Not declare of pay any cash dividends or redeem or repurchase any outstanding share, or make any capital or asset distribution to its stockholders without prior written consent of the bank
- Shall not declare or pay management bonuses or profit sharing if any of its obligations is not current
- Shall not voluntarily suspend its business operations or dissolve its affair.
- Shall at all times maintain a current ratio of at least 1x
- Shall at all times maintain a D-E Ratio no greater that 3x should not be met
- Shall at all times maintain debt service cover ratio of not less than 1.25x

13. DEPOSITS FOR FUTURE STOCK SUBSCRIPTION

The deposit for future stock subscription balance as of December 31, 2024 and 2023 are as follows:

	2024	2023
Deposit for Future Stock Subscription	–	35,550,000

The movement of the account are presented as follows:

	2024	2023
Deposit for Future Stock Subscription, Beginning Balance	**35,550,000**	35,550,000
Refund	**(35,550,000)**	–
Proceeds	–	–
Deposit for Future Stock Subscription, Ending Balance	–	35,550,000

This account refers to the consideration received by the Company with the purpose of applying the same as payment for future issuance of shares. 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 Securities and Exchange Commission (SEC).

During the year ended December 31, 2023, the Company received deposits from investors amounting to Php35,550,000 for future stock subscriptions under an agreement to issue shares upon fulfillment of certain conditions. However, due to the cancellation of stock subscription agreement, the Company refunded the deposits to the respective investors during the year ended December 31, 2024.

The refunds were processed in accordance with the terms of the deposit agreement. As of December 31, 2024, no outstanding balances related to these deposits remain on the Company's books.

Management has reviewed the circumstances surrounding the refunds and does not expect any material impact on the Company's financial position or operations.

14. SHARE CAPITAL

At the date of incorporation, the Company had an authorized share capital of Php360,000,000, comprised of 180,000 preferred shares with Php1,000 par value per share, 179,400 ordinary shares at Php1,000 par value per share, and 600 founder shares at Php1,000 par value per share. However, during 2024, the Corporation amended its Articles of Incorporation due to the conversion of all its preferred shares to common shares and now has an authorized share capital of Php360,000,000, comprised of 359,400 common shares with Php1,000 par value per share and 600 founder shares at Php1,000 per share.

Of the authorized shares, the following shares were subscribed by the shareholders:

	2024	2023
327,030 Common Shares at par	**327,030,000**	305,400,000
600 Founder Shares at par	**600,000**	600,000
Totals	**327,630,000**	306,000,000

However, the amount of paid-up share capital as of December 31, 2024 and 2023 is only Php309,630,000 and Php288,000,000 respectively, thereby recognizing a subscription receivable of Php18,000,000 as of December 31, 2024.

15. DEFICIT

The Company's deficit increased to Php156,374,624 as of December 31, 2024 from Php103,781,792 as oof December 31, 2023. This increase was due to the net loss incurred by the Company for the year ended December 31, 2024 amounting to Php52,592,832.

There were no appropriations and dividend declarations made as of December 31, 2024 and 2023.

16. REVENUES

The Company's revenue for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Sale of Goods		
Pharmacy- Sales	13,557,611	–
Medical Supplies- Sales	4,363,944	–
Total Sale of Goods	17,921,555	–
Sale of Services		
Income from Emergency Room	3,052,177	–
Income from Recovery Room	9,219	–
Income from Delivery Room	310,694	–
Income from Operating Room	6,478,236	–
Income from Neonatal Special Care Unit	210,668	–
Income from Cardio Pulmo	710,085	–
Income from Radiology- Xray and Ultrasound	2,096,049	–
Income from Laboratory	7,895,762	–
Income from Eye Center	34,970	–
Income from Dietary	2,037,080	–
Income from Room and Board	9,373,755	–
Patient Service Income	3,383,183	–
Income from Dialysis	11,868,945	–
Miscellaneous- Medical Record	28,049	–
Total Sale of Services	47,488,872	–
Gross Revenues	65,410,427	–
Returns and Discounts	(7,538,175)	–
Net Revenues	57,872,252	–

17. COST OF REVENUES

The Company's cost of revenues for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Salaries and Wages including Benefits	30,395,672	–
Communication, Light, and Water	17,871,899	–
Cost of Pharma Sales	5,165,531	–
Medical Supplies	3,826,634	–
SSS, PHIC, and HDMF Contributions	3,527,297	–
Overtime Pay, Holiday Pay, and Other Pay	1,160,993	–
Security and Janitorial Services	1,010,286	–
Honorarium and Allowances	590,285	–
Dietary Supplies	219,257	–
Cost of Revenues	63,767,854	–

18. **OTHER INCOME**

The other income of the Company for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Clinic Rental	179,686	–
Income from Patient Transport Service	95,575	–
Interest from Bank Deposits	11,476	91,572
Other Income	286,737	91,572

19. **OPERATING EXPENSES**

The operating expenses account of the Company for the years ended December 31, 2024 and 2023 are composed of the following:

	2024	2023
Fees and Penalties	12,926,218	–
Depreciation	12,457,119	10,024,235
Fuel and Oil	4,410,185	144,259
Professional Fees	3,938,442	1,130,967
Taxes and Licenses	3,005,522	422,680
Office Supplies and Other Supplies	1,294,193	–
Repairs and Maintenance	585,276	70,424
Amortization	252,188	18,437
Transportation and Travel	230,306	–
Directors' Fee	190,000	–
Pathology Readers Fee	100,500	–
Legal Fee	100,000	–
Trainings and Seminars	66,650	–
Representation	61,863	–
Meetings and Forums	37,228	–
Research and Marketing	15,728	–
Staff House Rental	14,000	–
Communication, Light, and Water	–	4,850,396
Construction Supplies	–	127,793
Freight	–	8,482
Insurance	–	36,000
Medical Supplies	–	487,172
SEC Penalties and Fines	–	312,707
Outside Services	–	540,207
Salaries and Wages including Benefits	–	8,280,109
Security Salaries	–	1,499,380
SSS, PHIC, and HDMF Contributions	–	508,903
Supplies	–	526,250
Other Services	–	355,500
Miscellaneous	43,227	29,160
Operating Expenses	39,728,645	29,373,061

20. **INCOME TAX**

On January 5, 2024, Republic Act (RA) No. 11976, otherwise known as the "Ease of Paying Taxes (EOPT) Act", was signed into law. The law aims to simplify fil\lings, particularly for those classified as Micro and Small Taxpayers, by introducing the file-and-pay anywhere system and allowing most of the tax processes to be done online. It also included the shift to an invoice system to improve the registration process as well as to accelerate the processing of VAT refunds.

On March 26, 2021, the Republic Act. No. 11534 or the CREATE Act was signed and officially effective on April 11, 2021, with some retroactive provisions. The Act introduces to the corporate income tax and incentive systems.

Under this Act, domestic corporations in general are subject to a regular corporate income tax (RCIT) rate of 25%, effective July 1, 2020. However, corporations with net taxable income not exceeding Php5,000,000 and total assets not exceeding Php100,000,000, excluding the land on which the particular business office, plant and equipment are situated, will enjoy a lower income tax rate of 20%, effective July 1, 2020.

In addition, this Act also reduces the minimum income tax rate (MCIT) rate from 2% to 1%, effective July 1, 2020 to June 30, 2023. However, starting July 1, 2023, the minimum income tax rate (MCIT) rate for corporations will now revert to its original 2% rate based on the gross income of such corporations.

The income tax liability of the Corporation is still based on the higher amount between the gross income multiplied by the MCIT rate and the taxable income multiplied by RCIT rate. Any resulting excess of the MCIT over the RCIT is recognized as a deferred tax asset which can be deducted against future income tax liabilities of the Company.

The Company's computation for income tax payable as of December 31, 2024 and 2023 are as follows:

	2024	2023
Regular Corporate Income Tax (RCIT)		
Accounting Loss Subject to Tax	(70,139,077)	(46,256,062)
Temporary Differences	–	–
Taxable Loss	(70,139,077)	(46,256,062)
Income Tax Rate	25%	25%
Current Income Tax Expense (Benefit)	(17,534,769)	(11,564,016)
Minimum Corporate Income Tax (MCIT)		
Gross Profit (Loss)	(5,608,865)	91,572
Income Subject to Final Withholding Tax	(11,476)	(5,006)
Gross Income (Loss)	(5,620,341)	86,566
Multiply by: MCIT rate	2%	1.5%
MCIT Due	–	1,298
Income Tax Payable	–	1,298

Net loss can be claimed as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss as Net Operating Loss Carry-Over (NOLCO).

The details of the Company's NOLCO which can be carried forward and claimed as tax credit against regular taxable income are as follows:

Year Incurred	NOLCO Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	Valid Until	Balance NOLCO
2024	70,139,077	–	–	–	2027	116,395,139
2023	46,256,062	–	–	–	2026	46,256,062

The tax effect of the temporary difference forms part of deferred tax asset account. The movement of deferred tax asset during 2023 is as follows:

	2024	2023
Deferred Tax Asset, Beginning Balance	**11,564,016**	–
Additions during the Year	**17,534,769**	11,564,016
Applied during the Year	**–**	–
Deferred Tax Asset, Ending Balance	**29,098,785**	11,564,016

The excess of MCIT over the regular income tax is presented as a noncurrent asset in the statement of financial position under the line-item Deferred Charges – MCIT. It is an asset that is carried forward on an annual basis and credited against the normal income tax for the three (3) immediately succeeding taxable years. The details of this account are as follows:

	2024	2023
Deferred Charges - MCIT, Beginning Balance	**1,298**	–
Additions during the Year	–	1,298
Excess MCIT applied during the Year	–	–
Deferred Charges - MCIT, Ending Balance	**1,298**	1,298

21. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The Company's key management personnel did not receive any form of compensation for the years ended December 31, 2024 and 2023.

22. SUPPLEMENTARY INFORMATION

The BIR issued Revenue Regulation No. 15-2010 on December 10, 2010 prescribing additional requirements for the submission of financial statements by individual and corporate taxpayers, thereby amending Section 2 of RR No. 21-2002.

The regulation now requires taxpayers to include information on taxes, duties, and license fees paid or accrued during the taxable year in addition to the disclosures mandated by the PFRS.

Pertinent information regarding the Company's compliance to the preceding regulation are presented on the succeeding pages:

22.1 Value-Added Tax

The Company is a registered VAT entity and remits quarterly VAT of 12% based on net taxable revenues less the corresponding input VAT. Output VAT represents the VAT arising from revenues while input VAT represents the VAT arising from purchases and expenses and applicable as deductions from output VAT when computing for net VAT payable.

Output VAT recognized as a current liability in the statement of financial position represents the VAT arising from revenues for the month of December which are still to be remitted to the BIR at year-end while input VAT recognized as a current asset in the statement of financial position represents the VAT arising from purchases and expenses in December and applicable as deductions from output VAT when computing for net VAT payable.

VAT payable is computed by deducting the input VAT and any VAT withheld from the output VAT and which should be remitted to the BIR.

The VAT schedule for the year ended December 31, 2024 is presented below.

Period	Date Filed	Name of Agency	VAT-Exempt Sales	VATable Sales	Output VAT	VATable Purchases and Expenses	Input VAT	Non-VATable Purchases and Expenses	Input VAT Carry-Over	VAT Filed
1st Quarter	4/25/2024	EBIR	244,865	63,623	7,635	11,872,009	1,424,641	41,370	82,917,122	**(84,334,128)**
2nd Quarter	7/25/2024	EBIR	388,088	104,795	12,575	7,360,662	883,279	254,250	84,334,128	**(85,204,832)**
3rd Quarter	10/25/2024	EBIR	9,164,300	104,150	12,498	2,794,623	335,355	–	85,204,832	**(85,527,689)**
4th Quarter (A)	4/15/2025	EBIR	30,269,019	17,828,673	2,139,441	69,241,818	8,309,018	–	85,527,689	**(91,697,266)**
Totals			40,046,272	18,101,241	2,172,149	91,269,112	10,952,293	295,620	337,983,771	**(346,763,915)**

22.2 Withholding Tax

The withholding taxes payable for the years ended December 31, 2024 and 2023 are composed of the following:

	2024	2023
Withholding Tax Payable- Expanded	**273,844**	2,260
Withholding Tax Payable- Compensation	**16,395**	25,630
Withholding Tax Payable	**290,239**	27,890

Amount presented as current liabilities in the statement of financial position is the withholding tax payable for the month of December which has yet to be settled as of reporting date.

Withholding Tax – Expanded Schedule

			Goods (1%)		Services (2%)		Rental (5%)		Professional Fees (10%)		Total	
Month	Date Paid	Name of Bank	Tax Base	Tax Withheld	Tax Base	Tax Withheld	Tax Base	Tax Withheld	Tax Base	Tax Withheld	Tax Base	**Tax Withheld**
January	2/12/2024	PBCOM	–	–	32,321	646	–	–	455,750	45,575	488,071	**46,221**
February	3/8/2024	PBCOM	50,000	500	89,286	1,786	–	–	44,000	4,400	183,286	**6,686**
March	4/30/2024	PBCOM	6,203,350	62,034	1,488,572	29,771	–	–	192,750	19,275	7,884,672	**111,080**
1st Quarter			6,253,350	62,534	1,610,179	32,203	–	–	692,500	69,250	8,556,029	**163,987**
April	5/10/2024	PBCOM	–	–	512,927	10,259	20,000	1,000	104,000	10,400	636,927	**21,659**
May	6/10/2024	PBCOM	–	–	612,305	12,246	360,007	18,000	14,000	1,400	986,312	**31,646**
June	7/31/2024	PBCOM	–	–	687,635	13,753	85,642	4,282	14,000	1,400	787,277	**19,435**
2nd Quarter			–	–	1,812,867	36,258	465,649	23,282	132,000	13,200	2,410,516	**72,740**
July	8/12/2024	PBCOM	–	–	605,635	12,113	20,000	1,000	14,000	1,400	639,635	**14,513**
August	9/10/2024	BPI	–	–	605,635	12,113	272,110	13,606	44,000	4,400	921,745	**30,119**
September	10/31/2024	PBCOM	–	–	–	–	527,097	26,355	850,884	85,088	1,377,981	**111,443**
3rd Quarter			–	–	1,211,270	24,226	819,207	40,961	908,884	90,888	2,939,361	**156,075**
October	11/10/2024	PBCOM	–	–	605,635	12,113	329,167	16,458	1,816,644	181,664	2,751,446	**210,235**
November	12/10/2024	PBCOM	–	–	48,215	964	333,755	16,688	3,593,316	359,332	3,975,286	**376,984**
December	1/21/2025	PBCOM	–	–	–	–	330,011	16,501	2,573,438	257,344	2,903,449	**273,845**
4th Quarter			–	–	653,850	13,077	992,933	49,647	7,983,398	798,340	9,830,181	**861,064**
Totals			6,253,350	62,534	5,288,166	105,764	2,277,789	113,890	9,716,782	971,678	23,536,087	**1,253,866**

Withholding Tax- Compensation

Month	Date Paid	Name of Bank	Taxable Compensation	Tax Withheld
January	2/12/2024	PBCOM	75,057	**7,383**
February	3/8/2024	PBCOM	779,584	**11,135**
March	4/8/2024	PBCOM	500,000	**10,602**
1st Quarter			1,354,641	**29,120**
April	5/10/2024	PBCOM	1,088,276	**5,166**
May	6/10/2024	PBCOM	1,232,887	**5,350**
June	7/10/2024	PBCOM	1,385,114	**6,923**
2nd Quarter			3,706,277	**17,439**
July	8/12/2024	PBCOM	1,320,547	**5,166**
August	9/10/2024	BPI	3,840,258	**6,923**
September	10/10/2024	PBCOM	4,011,461	**11,347**
3rd Quarter			9,172,266	**23,436**
October	11/11/2024	PBCOM	3,876,805	**10,170**
November	12/10/2024	PBCOM	4,011,460	**12,036**
December	1/10/2025	PBCOM	658,941	**16,395**
4th Quarter			8,547,206	**38,601**
Totals			22,780,390	**108,596**

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the policies and processes which involves identifying, measuring, monitoring and managing risks. The Board of Directors has delegated to senior management the responsibility of developing and updating the Company's policies and procedures which address risk management areas as well as reviewing the adequacy of these policies and procedures in relation to the risks being faced by the Company.

Senior management is also responsible for monitoring key risk indicators and enforcing strict compliance with the Company's policies and procedures. The Company's senior management is responsible for taking on and directly managing the risks.

Risk Management

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

Risk Management Structure

The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. However, there are separate independent bodies responsible for managing and monitoring risks.

Risk Measurement and Reporting Systems

While the Company does not currently have an active risk management team, risk is generally measured through regular reporting from all portfolio managers. These reports include portfolio at risk and default statistics for all portfolio entities and are presented and explained to the Board of Directors and the Investment Committee, or a similar body, on a regular basis.

The use of financial instruments is fundamental to the Company's core business. Accordingly, the risks associated with financial instruments represent a significant component of the risks being faced by the Company.

The Company has exposure to a variety of financial risks, such as market risk, credit risk and liquidity risk from its use of financial instruments. These risks and the Company's risk management framework and specific risk management policies and procedures for measuring, monitoring and managing such risks are outlined below and on the next following pages. Relevant quantitative disclosures are also included as appropriate.

Market Risk

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in market variables. Market risk comprises three types of risk: foreign exchange risk, price risk and interest rate risk.

(a) Foreign Currency Risk

Foreign currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates. All currencies can experience periods of high volatility which can adversely affect profit margins if suitable strategies are not in place to protect cash flow from sudden currency fluctuations.

(b) Price Risk

Price risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As of December 31, 2024 and 2023, the Company is not exposed to market risk because it does not hold market-sensitive financial instruments.

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits, among others.

The following table shows the carrying amounts of the Company's financial assets that have a maximum exposure to credit risk:

	2024	2023
Cash in Bank	**26,572,926**	957,640

The credit risk for cash in bank is considered negligible since the counterparties are reputable entities with high quality external credit ratings.

In accordance with the recent related standard issued, the Company classifies financial assets into the following credit grades:

- Stage 1: Performing – this pertains to accounts with very low probability of defaults because of the borrower's established ability to tap its liquid resources to fully service its obligations as they become due. The borrower has no history of default and uses leverage sparingly. This category includes debt securities issued or guaranteed by the government or its agencies or controlled corporations.
- Stage 2: Underperforming – this pertains to accounts with an acceptable probability of default. Nevertheless, the borrower has a strong debt service record and has demonstrated the ability to readily service its debts. Collateral cover, if applicable, should be adequate. This includes receivables with good credit standing and amounts lent to creditors with healthy capital and liquidity ratios.
- Stage 3: Non-performing – this pertains to accounts for which the Company determines high probability of not collecting the principal and interest due based on the contractual terms and agreements. Collateral cover, if applicable, is insufficient.

As of December 31, 2024 and 2023, the credit quality of the Company's financial assets is presented below:

2024				
	Stage 1	Stage 2	Stage 3	**Total**
Cash in Bank	26,572,926	–	–	**26,572,926**
Receivables	28,620,605	–	–	**28,620,605**
Advances to Suppliers	4,889,631	–	–	**4,889,631**
Totals	60,083,162	–	–	**60,083,162**

2023				
	Stage 1	Stage 2	Stage 3	Total
Cash in Bank	957,640	–	–	957,640
Advances to Suppliers	104,800	–	–	104,800
Totals	1,062,440	–	–	1,062,440

Cash in bank are considered under Stage 1 as performing because management deals only with top banks in the Philippines.

There are no transfers between stages during 2024 and 2023. None of the financial assets that are fully performing has been renegotiated in 2024 and 2023.

Significant Increase in Credit Risk

When determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime probability of default (PD) for this point in time that was estimated on initial recognition of the exposure.

The Company believes that the credit risk on a financial instrument has increased significantly when the contractual payments of the counterparty debtors are more than 120 days past due. A financial asset is past due when a counterparty has failed to make a payment when that payment was contractually due. Due dates are determined without considering any grace period that might be available to the borrower.

Definition of "Default" by the Management

The term "default" is not defined in PFRS 9 Financial Instruments and the Company will have to establish its own policy for what it considers a default, and apply a definition consistent with that used for internal credit risk management purposes for the relevant financial instrument. The Company defines its financial instruments in default in all cases when the counterparty debtor is not able to pay after the one year from its due date.

Liquidity Risk

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

The Company manages its liquidity profile to be able to finance the operations and capital expenditures, service the maturing debts and meet other financial obligations. As part of the liquidity risk management program, the Company regularly evaluates its projected and actual cash flows including the loan maturity profiles, and continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. The Company's objective is to maintain a balance between continuity and flexibility through the use of internally generated funds and banks. The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets.

The tables on the next page summarize the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations as of December 31, 2024 and 2023. The table also analyzes the maturity profile of the company's financial assets in order to provide a complete view of the company's contractual commitments and liquidity.

	2024			
	Carrying Amount	6 months or less	6 to 12 months	Over 12 months
Assets				
Cash	28,375,724	28,375,724	–	–
Accounts Receivable-Nontrade	28,620,605	28,620,605	–	–
Advances to Suppliers	4,889,631	4,889,631	–	–
Total	61,885,960	61,885,960	–	–
Liabilities				
Accounts Payable	53,921,002	53,921,002	–	–
Loans Payable	877,137,500	–	750,000	876,387,500
Deposits for Future Stock Subscription	–	–	–	–
Total	931,058,502	53,921,002	750,000	876,387,500
Liquidity Gap	**(869,172,542)**	**7,964,958**	**(750,000)**	**(876,387,500)**

	2023			
	Carrying Amount	6 months or less	6 to 12 months	Over 12 months
Assets				
Cash	957,640	957,640	–	–
Accounts Receivable-Nontrade	–	–	–	–
Advances to Suppliers	–	–	–	–
Total	957,640	957,640	–	–
Liabilities				
Accounts Payable	75,311,678	75,311,678	–	–
Loans Payable	722,642,594	–	31,900,331	690,742,263
Deposits for Future Stock Subscription	35,550,000	–	–	35,550,000
Total	833,504,272	75,311,678	31,900,331	726,292,263
Liquidity Gap	(832,546,632)	(74,354,038)	(31,900,331)	(726,292,263)

The Company's objective in managing liquidity risk is to ensure that it will always have sufficient means to meet its liabilities when due, whether under normal or stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Additionally, the Company obtains the support of its shareholders to meet additional cash requirements when necessary.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. There are two types of interest rate risk:

a) Fair value interest rate risk – the risk that the value of the financial instruments will fluctuate because of changes in the market interest rates and
b) Cash flow interest rate risk – the risk that future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to changes in interest rates relates primarily to the Company's loans payable. Its policy is to manage its interest cost by regularly entering into short-term bank loans as it relates to its working requirements in order to mitigate the impact of potential increase in loan interest rates from borrowings.

The table below shows the financial assets and liabilities that are interest-bearing.

		2024		2023	
		Effective Interest Rate	**Amount in Php**	Effective Interest Rate	Amount in Php
Financial Asset	Fixed Rate Cash in Bank	**0.25% - 0.50%**	**26,572,926**	0.25% - 0.50%	13,329,211
Financial Liabilities	Fixed Rate Long-term Loans	**5.25%**	**876,387,500**	5% - 5.25%	607,500,000

The interest coverage ratio is used to determine how easily a Company can pay interest expenses on outstanding debt. The ratio is calculated by dividing a Company's earnings before interest and taxes by the Company's interest expenses for the same period.

The Company's interest coverage ratio for the years December 31, 2024 and 2023 is computed as follows:

	2024	2023
Loss before Interest and Tax	(45,337,510)	(29,281,489)
Divide by: Finance Cost	24,790,091	16,969,567
Interest Rate Coverage Ratio	(1.83)	(1.73)

The audit findings also reveal that the financial statements are not affected significantly by interest rate risk. The Company does not perform sensitivity analysis since the Company expects that the effect of change in interest rates will have insignificant effect on the Company's operations. Additionally, as the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Operational Risk

These risks arise from various operational and administrative procedures that the business uses to implement its strategy. The Company's policy maintains close monitoring of everyday operations by well-trained superiors, and timely reports of the different departments are submitted to top management.

Compliance Risk

These risks derive from the necessity to ensure compliance with laws, regulations, and other less formal societal expectations which, if infringed, can damage the Company. The Company implements strict guidelines which management, staff, and employees adhere to.

24. CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. It sets the amount of capital in proportion to its overall financing structure, i.e., equity and financing liabilities. The Company complies with RA No. 11232, the Revised Corporation Code of the Philippines, on imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares. No changes were made in the objectives, policies and processes from the previous years.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To meet its objectives, the Company continuously seeks for new buyers to generate higher earnings as it maintains a positive relationship with its existing customers. The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Company's investment policies;
- To safeguard the Company's ability to continue as going concern;
- To maintain sufficient liquidity to meet the expenses of the Company; and
- To maintain sufficient size to make the operation of the Company cost-efficient.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its stockholders or pay off existing debts.

The Company manages the following capital:

	2024	2023
Long-Term Loans	**876,387,500**	690,742,263
Equity	**268,455,377**	184,218,208
Total	**1,144,842,877**	874,960,471

The Company monitors its capital on the basis of leverage ratio. This ratio is calculated at net debt divided by total capital. The ratio measures financial leverage that demonstrates the degree to which the Company's operations are funded by equity capital in comparison to debt financing. A high leverage ratio represents a high proportion of debt to equity and a low leverage ratio represents a low proportion of debt to equity.

The leverage ratio of the Company as of December 31, 2024 and 2023 is as follows:

	2024	2023
Total Liabilities	**911,131,142**	834,321,311
Cash	**(28,375,724)**	(957,640)
Net Debt	**904,617,420**	833,363,671
Total Equity	**268,455,377**	184,218,208
Total Capital	**1,173,072,797**	1,017,581,879
Leverage Ratio	**77%**	82%

25. FINANCIAL RATIOS

Financial ratios serve as an indicator or measurement tool to determine effectivity/efficiency on various financial aspects of the Company such as but not limited to, its ability to meet or pay-off current or long-term debts, the effectiveness or efficiency in asset usage, the availability of cash for immediate payment of obligations and many other.

Financial ratios compare the results in different line items of the financial statements. The analysis of these ratios is designed to draw conclusions regarding the financial performance, liquidity, leverage, and asset usage of a business. This type of analysis is widely used, since it is solely based on the information located in the financial statements, which is generally easy to obtain. In addition, the results can be compared to industry averages or to the results of benchmark companies to see how a business is performing in comparison to other organizations.

Current Ratio

Current ratio is primarily used to determine the Company's capability to pay-off current debts with its current assets. Current Ratio determines the liquidity of Company, the capacity of the Company to meet/pay its current obligations using its current assets (cash, assets readily convertible to cash). Higher current ratios indicate that the Company is more capable to meet current liabilities when they are due.

Debt-to-Equity Ratio

Debt-to-equity ratio compares the Company's total debt to total equity. It is used to determine the amount of financing the Company has from external sources/creditors in comparison to equity infused by shareholders.

Solvency Ratio

Solvency ratio is a key metric used to measure the Company's ability to meet its debt obligations and is used often by prospective business lenders. This ratio indicates whether a Company's cash flow is sufficient to meet its short and long-term liabilities.

Equity Ratio

Equity ratio shows the relationship between the Company's asset and equity. This ratio is used to measure the proportion in which the Company's total asset is funded by the Company's equity.

Assets-to-Equity Ratio

Assets-to-equity ratio indicates the relationship of the total assets of the Company to the part owned by shareholders. This ratio is an indicator of the Company's leverage (debt) used to measure the proportion of total assets financed by the Company's equity.

Return on Equity

Return on equity is a measure of profitability that calculates how many peso of profit a Company generates with each peso of shareholders' equity.

Return on Assets

Return on equity assets is a financial ratio that shows the percentage of profit a Company earns in relation to its overall resources.

Asset Turnover Ratio

The asset turnover ratio is an efficiency ratio that measures a Company's ability to generate sales from its assets by comparing net sales with average total assets. In other words, this ratio shows how efficiently a Company can use its assets to generate sales.

Quick Asset Ratio

The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a Company to pay its current liabilities when they come due with only quick assets. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. Cash, cash equivalents, short-term investments or marketable securities, and current accounts receivable are considered quick assets.

Operating Profit Margin

Operating margin is a measurement of what proportion of a Company's revenue is left over after paying for costs of operations.

Net Profit Ratio

The net profit ratio is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. As such, it is one of the best measures of the overall results of the Company, especially when combined with an evaluation of how well it is using its working capital.

The computations of the financial ratios of the Company are shown on the next page.

Premier Medical Center Zamboanga

FINANCIAL SOUNDNESS INDICATORS

	2024	2023
Current Assets	167,340,604	83,979,563
Divide by: Current Liabilities	56,605,644	108,029,048
Current Ratio	296%	78%
Total Liabilities	932,993,144	834,321,311
Divide by: Total Equity	268,455,377	184,218,208
Debt - Equity Ratio	348%	453%
Total Assets	1,201,448,521	1,018,539,519
Divided by: Total Liabilities	932,993,144	834,321,311
Solvency Ratio	129%	122%
Total Equity	268,455,377	184,218,208
Divide by: Total Assets	1,201,448,521	1,018,539,519
Equity Ratio	22%	18%
Total Assets	1,201,448,521	1,018,539,519
Divided by: Total Equity	268,455,377	184,218,208
Assets-to-Equity Ratio	448%	553%
Net Loss	(70,127,601)	(46,251,056)
Divide by: Revenue	57,872,252	–
Profitability Ratio	-121%	–
Net Loss	(70,127,601)	(46,251,056)
Divide by: Total Equity	268,455,377	184,218,208
Return on Equity	-26%	-25%
Net Loss	(70,127,601)	(46,251,056)
Divide by: Total Assets	1,201,448,521	1,018,539,519
Return on Assets	-6%	-5%
Revenue	57,872,252	–
Divide by: Average Total Assets	1,109,994,020	1,019,343,541
Asset Turnover	5%	0%
Quick Assets	28,375,724	957,640
Divide by: Current Liabilities	56,605,644	108,029,048
Quick Asset	50%	1%
Loss before Interest and Tax	(45,337,510)	(29,281,489)
Divide by: Finance Cost	24,790,091	16,969,567
Interest Rate Coverage Ratio	-183%	-173%

26. **ANNEX-68J**

This prescribes the disclosure requirements including the form and content of the schedules required by Section 6 of Part II of the Revised Securities Regulation Code (SRC) Rule 68.

PMC | Premier Medical Center Zamboanga

SCHEDULES

As of and for the year ended December 31, 2024

A. Financial Assets

Name of Issuing Entity	Number of Shares	Amount shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
		Not Applicable		

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

Name of Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
			Not Applicable				

C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Name of Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
			Not Applicable				

D. Long-Term Debt

Title of Issue and type of Obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term debt" in related balance sheet (ii)			
			Year	Interest Rate	Total Principal Installments (per year)	Maturity Date
Long Term Loan 01 (LTL 01)	422,387,000	–	1	Grace Period	–	
			2	Grace Period	–	
			3	7.50%	31,679,025	03/21/26 - 02/21/2027
			4	9%	38,014,830	03/21/2027- 02/21/2028
			5	10.50%	44,350,635	03/21/2028 - 02/21/2029
			6	12%	50,686,440	03/21/2029 - 02/21/2030
			7	13.75%	58,078,213	03/21/2030 - 02/21/2031
			8	15.75%	66,525,953	03/21/2031 -02/21/2032
			9	15.75%	66,525,953	03/21/2032 - 02/21/2033
			10	15.75%	66,525,953	03/21/2033 - 02/21/2034
Total					422,387,000	
Long Term Loan 02 (LTL 02)	284,529,000		1	Grace Period	–	
			2	Grace Period	–	
			3	7.50%	21,339,675	03/21/26 - 02/21/2027
			4	9%	25,607,610	03/21/2027- 02/21/2028
			5	10.50%	29,875,545	03/21/2028 - 02/21/2029

Title of Issue and type of Obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term debt" in related balance sheet (ii)			
			Year	Interest Rate	Total Principal Installments (per year)	Maturity Date
			6	12%	34,143,480	03/21/2029 - 02/21/2030
			7	13.75%	39,122,738	03/21/2030 - 02/21/2031
			8	15.75%	44,813,318	03/21/2031 -02/21/2032
			9	15.75%	44,813,318	03/21/2032 - 02/21/2033
			10	15.75%	44,813,318	03/21/2033 - 02/21/2034
Total					284,529,000	
Medium Term Loan 01 (MTL 01)	3,000,000	750,000	1			
			2	market rate	750,000	10/21/2025 - 09/21/2026
			3	market rate	750,000	10/21/26 - 09/21/2027
			4	market rate	62,500	21/10/2027
Total		750,000			1,562,500	
Long Term Loan 03 (LTL 03)	90,000,000		1	Grace Period	–	
			2	Grace Period	–	
			3	7.50%	6,750,000	04/11/2026-03/11/2027
			4	9%	8,100,000	04/11/2027-03/11/2028
			5	10.50%	9,450,000	04/11/2028-03/11/2029
			6	12%	10,800,000	04/11/2029-03/11/2030
			7	13.75%	12,375,000	04/11/2030-03/11/2031
			8	15.75%	14,175,000	04/11/2031-03/11/2032
			9	15.75%	14,175,000	04/11/2032-03/11/2033
			10	15.75%	14,175,000	04/11/2033-03/11/2034
Total					90,000,000	
Long Term Loan 04 (LTL 04)	22,500,000		1	Grace Period	–	
			2	Grace Period	–	
			3	7.50%	1,687,500	05/21/2026 - 04/21/2027
			4	9%	2,025,000	05/21/2027 - 04/21/2028
			5	10.50%	2,362,500	05/21/2028 - 04/21/2029
			6	12%	2,700,000	05/21/2029 - 04/21/2030
			7	13.75%	3,093,750	05/21/2030 - 04/21/2031
			8	15.75%	3,543,750	05/21/2031 - 04/21/2032
			9	15.75%	3,543,750	05/21/2032 - 04/21/2033
			10	15.75%	3,543,750	05/21/2033 - 04/21/2034
Total					22,500,000	
Grand Total		**750,000**			**876,387,500**	

E. Indebtedness to Related Parties

Name of Related Party	Balance at January 1, 2024	Balance at December 31, 2024
Not Applicable		

F. Guarantees of Securities of Other Issuers

Name of Issuing Entity of Securities Guaranteed by the Company	Title of Issue of each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amount Owned by Person which Statement is Filed	Name of Guarantee
		Not Applicable		

G. Capital Stock

Title Issue	Number of Shares Authorized	No. of shares issued and outstanding shown under related Statement of Financial Position	No. of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers, and Employees	Others
Ordinary	359,400	327,030	–	–	51,320	275,710
Founder	600	600	–	–	180	420
	360,000	327,630	–	–	51,500	276,130

26. COMPLIANCE WITH RR 15-2010

RR 15-2010	
Provisions	In compliance with the requirements set forth by RR 15-2010 hereunder is the information on taxes, duties and license fees paid or accrued during the taxable year.
1. The amount of VAT output declared during the year and the account title and amount/s upon which the same was based. If there are zero-rated sales-receipts and/or exempt sales/receipts, a statement to that effect and the legal basis therefore;	The Company is a VAT registered entity engaged in providing medical services that paid the amount of Php 2,172,149 as output tax pursuant to RR 16-2005 and based on the amount reflected in the Revenue account of Php 18,101,241. The Company has VAT-Exempt Sales amounting to Php 40,046,272.
2. The amount of VAT Input claimed broken down into: a. Beginning of the year; b. Current year's domestic purchases/ payments for: I. Goods for resale/ manufacture or further processing II. Goods other than for resale or manufacture III. Capital goods subject to amortization IV. Capital goods not subject to amortization V. Services lodged under cost of revenues VI. Services lodged under other accounts c. Claims for tax credit/ refund and other adjustments; and d. Balance at the end of the year	The amount of VAT input claimed are broken down as follows: a. Beginning of the year..................Php 82,917,122 b. Current year's purchases: I. Goods for resale/manufacture or further processing........................ Php None II. Goods other than for resale or manufacturing......................Php None III. Capital goods subject to amortization.........................Php None IV. Capital goods not subject to amortization........................Php None V. Services lodged under cost of revenues............................Php None VI. Services lodged under other accounts............................Php 10,952,293 c. Claims for tax credit/refund and other adjustments..............................Php None d. Balance at the end of the year......Php 91,697,266

<table>
<tr><td></td><td></td></tr>
<tr><td>3. The landed cost of imports and the amount of customs duties and tariff fees paid or accrued thereon:</td><td>The landed cost of the Company's importations amounted to Php None for the year, with paid/accrued amount of Php None as customs duties and Php None as tariff taxes.</td></tr>
<tr><td>4. The amount of excise tax/es, classified per major product category, i.e. tobacco products, alcohol products, automobiles, minerals, oil and petroleum, etc. paid on-
a. Locally produced excisable items; and
b. Imported excisable items.</td><td>The amount of excise tax/es, classified as follows:
<table>
<tr><td>Product category</td><td colspan="2">Excise Tax/es Paid/Accrued</td></tr>
<tr><td></td><td>Locally Produced</td><td>Imported</td></tr>
<tr><td>Tobacco</td><td>Php None</td><td>Php None</td></tr>
<tr><td>Alcohol</td><td>Php None</td><td>Php None</td></tr>
<tr><td>Automobiles</td><td>Php None</td><td>Php None</td></tr>
<tr><td>Oil/Petroleum</td><td>Php None</td><td>Php None</td></tr>
</table></td></tr>
<tr><td>5. Documentary stamp tax (DST) on loan instruments, shares of stock and other transactions subject thereto;</td><td>The DST paid/accrued on the following transactions are:
<table>
<tr><td>Transaction</td><td>Amount</td><td>DST thereon</td></tr>
<tr><td>Loan Instruments</td><td>Php 13,705,000</td><td>Php 102,788</td></tr>
<tr><td>Shares of stocks</td><td>Php None</td><td>Php None</td></tr>
</table></td></tr>
<tr><td>6. All other taxes, local and national, including real estate taxes, license, and permit fees lodged under the Taxes and Licenses account both under the cost of revenues and operating expenses accounts;</td><td>Other Taxes and Licenses:
a. Local
Real Estate Taxes……………….Php None
Mayor's Permit…………………….Php None
PTR…………………………………Php None
b. National
BIR Annual Registration………….Php None
Percentage Taxes………………...Php None</td></tr>
<tr><td>7. The amount of withholding taxes categorized into:
i. Tax on compensation and benefits
ii. Creditable withholding tax/es
iii. Final withholding tax/es</td><td>The amount of withholding taxes paid/accrued for the year amounted to:
i. Tax on compensation……………….Php 108,596
ii. Creditable withholding tax/es……….Php 1,253,866
iii. Final withholding tax/es……………..Php None</td></tr>
<tr><td>8. Periods covered and amount/s of deficiency tax assessments, whether protested or not;</td><td>The Company has not received a final assessment notice from the Regional Office covering the taxable year 2024 amounting to Php None, inclusive of penalties for deficiency income/ VAT/ percentage/ withholding tax, which has been protested/ agreed upon.</td></tr>
<tr><td>9. Tax cases and amounts involved, under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.</td><td>The Company has NO RATE case under preliminary investigation of the Department of Justice (DOJ) involving deficiency income tax for the taxable year 2024.</td></tr>
</table>

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Florivel M. De Jesus Accounting and Auditing Office
3rd Floor JSB Building, Don Alfaro Street, Tetuan, Zamboanga City 7000
Email Address: flordj36@yahoo.com
Contact Numbers: (062) 991-1011 | 955-3563 | 955-5912

SEC Revised SRC Rule 68, Annex 68-B, Supplemental Written Statement of Auditor
As Amended on August 19, 2019

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)
Don Alfaro St., Tetuan, Zamboanga City

I have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ZAMBOANGA CITY, INC. (DOING BUSINESS UNDER THE NAME AND STYLE OF PREMIER MEDICAL CENTER ZAMBOANGA)** for the year ended December 31, 2024, on which I have rendered the attached report dated March 31, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, I am stating that the said company has a total number of thirty-six (36) shareholders owning one hundred (100) or more shares each.

FLORIVEL M. DE JESUS
Board certificate no. 87417
TIN 263-445-116
PTR no 3067044
Issued on January 2, 2024 at Zamboanga City
SEC accreditation no. 87417-SEC Group C
Issued on February 22, 2021 until February 21, 2025
BIR accreditation no: AN-15-002100-1-2022
Issued on August 15, 2022 until August 14, 2025
BOA accreditation no.0727
Issued on February 1, 2024 until January 31, 2026
DTI no. 5815061
Issued on March 13, 2024 until March 13, 2029
CDA accreditation no. 0323
Issued on February 12, 2024 until February 11, 2029

March 31, 2025