



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** CS201612055

**Company Name:** ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-GENSAN INC.

**Industry Classification:** M85100

**Company Type:** Stock Corporation

## Document Information

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended SEPTEMBER 30, 2025

2. Commission identification number: **CS201612055**

3. BIR Tax Identification No.: **009-317-037-000**

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – GENSAN, INC.**

4. Exact name of issuer as specified in its charter

**SOUTH COTABATO, PHILIPPINES**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

**2<sup>nd</sup> FLR, GENMEDEX, SANTIAGO BLVD, GENERAL SANTOS CITY**

7. Address of issuer's principal office

**9500**

Postal Code

8. Issuer's telephone number, including area code: **(083) 553-0605**

9. Former name, former address and former fiscal year, if changed since last report—**Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

|                            | <u>Number of Shares</u> | <u>Outstanding Debt</u> |
|----------------------------|-------------------------|-------------------------|
| Founder Shares             | 600                     |                         |
| Common Shares              | 150,240                 |                         |
| Preferred Shares           | 60,000                  |                         |
| Amount of Outstanding Debt |                         | P 330,288.910           |

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No []

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

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

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

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

The Financial Statements (FS) of the Company for the 3rd Quarter of 2025 is incorporated herein. (ANNEX A)

### Item 2. Management's Discussion and Analysis or Plan of Operations

#### Results of Operations (September 30, 2025 vs September 30, 2024)

| STATEMENT OF COMPREHENSIVE<br>INCOME (LOSS)  | For the Period Ending<br>September 30 |                    | Horizontal Analysis |                |
|--|---------------------------------------|--------------------|---------------------|----------------|
|  | 2025                                  | 2024               | Difference          | %-age          |
| Revenue                                      | 0                                     | 0                  | 0                   | 0.00%          |
| Direct Costs                                 | 0                                     | 0                  | 0                   | 0.00%          |
| Gross Profits                                | 0                                     | 0                  | 0                   | 0.00%          |
| Other Income                                 | 844,677                               | 970                | 843,707             | 86980.10%      |
| Gross Income                                 | 844,677                               | 970                | 843,707             | 86980.10%      |
| Gen. and Administrative Costs                | 8,660,912                             | 13,914,013         | -5,253,101          | -37.75%        |
| Income (Loss) from Operations                | -7,816,235                            | -13,913,043        | 6,096,808           | -43.82%        |
| Finance Cost                                 | 0                                     | 0                  | 0                   | 0.00%          |
| Net Income (Loss) Before Income<br>Tax       | -7,816,235                            | -13,913,043        | 6,096,808           | -43.82%        |
| Provision for Income Tax                     | 0                                     | 0                  | 0                   | 0.00%          |
| Net Income (Loss) for the Year               | -7,816,235                            | -13,913,043        | 6,096,808           | -43.82%        |
| Other Income (Loss)                          | 0                                     | 0                  | 0                   | 0.00%          |
| <b>Total Comprehensive Income<br/>(Loss)</b> | <b>-7,816,235</b>                     | <b>-13,913,043</b> | <b>6,096,808</b>    | <b>-43.82%</b> |

#### Revenue

The hospital is not yet in operation, thus, no revenue has been recorded.

#### Other Income

This year, the company was able to collect interest income from one of its one-time transactions. Other than this transaction, other income consists only of the net income from bank interests.

| General and Administrative<br>Costs | For the Period Ending<br>September 30 |           | Horizontal Analysis |         | Vertical Analysis |        |
|-------------------------------------|---------------------------------------|-----------|---------------------|---------|-------------------|--------|
|                                     | 2025                                  | 2024      | Difference          | %-age   | 2025              | 2024   |
| Salaries and Wages                  | 5,778,535                             | 7,132,838 | -1,354,303          | -18.99% | 66.72%            | 51.26% |
| Honorarium                          | 1,104,000                             | 3,740,000 | -2,636,000          | -70.48% | 12.75%            | 26.88% |
| Transpo & Travel Expenses           | 275,169                               | 369,196   | -94,027             | -25.47% | 3.18%             | 2.65%  |
| Meals and Meeting<br>Expenses       | 24,374                                | 0         | 24,374              | 0.00%   | 0.28%             | 0.00%  |
| Legal Fees                          | 395,000                               | 351,300   | 43,700              | 12.44%  | 4.56%             | 2.52%  |

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February 2001

|                            |                  |                   |                   |                |                |                |
|----------------------------|------------------|-------------------|-------------------|----------------|----------------|----------------|
| Ads & Mktg Expenses        | 187,829          | 182,812           | 5,017             | 2.74%          | 2.17%          | 1.31%          |
| Repairs/Maintenance        | 99,217           | 83,919            | 15,298            | 18.23%         | 1.15%          | 0.60%          |
| Rent Expenses              | 75,412           | 216,191           | -140,779          | -65.12%        | 0.87%          | 1.55%          |
| Security Services          | 97,054           | 94,687            | 2,367             | 0.00%          | 1.12%          | 0.68%          |
| Taxes & Licenses           | 46,276           | 980,080           | -933,805          | -95.28%        | 0.53%          | 7.04%          |
| 13th Month Pay Expense     | 101,266          | 137,311           | -36,045           | -26.25%        | 1.17%          | 0.99%          |
| Stationeries & Office      |                  |                   |                   |                |                |                |
| Supplies                   | 66,474           | 93,150            | -26,676           | 0.00%          | 0.77%          | 0.67%          |
| Depreciation               | 81,590           | 102,861           | -21,271           | -20.68%        | 0.94%          | 0.74%          |
| SSS, PHIC, HDMF            |                  |                   |                   |                |                |                |
| Contributions              | 92,283           | 132,575           | -40,292           | -30.39%        | 1.07%          | 0.95%          |
| Communication, Light,      |                  |                   |                   |                |                |                |
| Water Expenses             | 98,655           | 110,426           | -11,771           | -10.66%        | 1.14%          | 0.79%          |
| Professional Fees          | 74,356           | 90,725            | -16,369           | -18.04%        | 0.86%          | 0.65%          |
| Fuel and Lubricants        | 28,980           | 33,835            | -4,855            | -14.35%        | 0.33%          | 0.24%          |
| Postage & Courier Services | 5,334            | 3,755             | 1,579             | 0.00%          | 0.06%          | 0.03%          |
| Bank Charges & Penalties   |                  |                   |                   |                |                |                |
| and Surcharges             | 6,948            | 6,819             | 129               | 1.89%          | 0.08%          | 0.05%          |
| Others                     | 9,916            | 26,014            | -16,098           | 0.00%          | 0.11%          | 0.19%          |
| Miscellaneous              | 12,244           | 25,519            | -13,275           | -52.02%        | 0.14%          | 0.18%          |
|                            | <b>8,660,912</b> | <b>13,914,013</b> | <b>-5,253,102</b> | <b>-37.75%</b> | <b>100.00%</b> | <b>100.00%</b> |

### General and Administrative Costs

These are the expenses that the company incur during the construction of the hospital. This normally includes administrative expenses such as a salaries and wages, honorarium, and ads & marketing. This also includes general expenses such as utility payments, taxes, and repairs. At present, Salaries, Wages, and other benefits take up most of the costs reported at almost 70%, honorarium takes up 13%, followed by legal and professional fees at almost 5%, transportation and meals account for a little more than 3%.

### Comprehensive Loss

Losses are recorded when Costs are more than the revenues. In the case of ACE MC Gen San, given that the hospital is still being constructed, no revenue has been reported yet, thus, the losses incurred after reporting all the expenses.

## Financial Condition (September 30, 2025 vs September 30, 2024)

| STATEMENT OF FINANCIAL POSITION | As of September 30 |                  | Horizontal Analysis |                | Vertical Analysis |              |
|---------------------------------|--------------------|------------------|---------------------|----------------|-------------------|--------------|
|                                 | 2025               | 2024             | Difference          | %-age          | 2025              | 2024         |
| <b>ASSETS</b>                   |                    |                  |                     |                |                   |              |
| <b>Current Assets</b>           |                    |                  |                     |                |                   |              |
| Cash                            | 1,425,549          | 3,106,886        | -1,681,337          | -54.12%        | 0.19%             | 0.42%        |
| Advances and Other              |                    |                  |                     |                |                   |              |
| Receivables                     | 1,401,124          | 662,596          | 738,528             | 111.46%        | 0.18%             | 0.09%        |
| Rental Deposits                 | 14,000             | 14,000           | 0                   | 0.00%          | 0.00%             | 0.00%        |
|                                 | <b>2,840,673</b>   | <b>3,783,482</b> | <b>-942,809</b>     | <b>-24.92%</b> | <b>0.37%</b>      | <b>0.51%</b> |

|  |                           |                           |                          |        |                       |                       |  |
|--|---------------------------|---------------------------|--------------------------|--------|-----------------------|-----------------------|--|
| <b>Non-Current Assets</b>              |                           |                           |                          |        |                       |                       |  |
| Construction-In-Progress               | 639,543,254               | 614,395,762               | 25,147,491               | 4.09%  | 84.23%                | 83.57%                |  |
| Property and Equipment (net)           | 90,812,397                | 90,889,817                | -77,420                  | -0.09% | 11.96%                | 12.36%                |  |
| Advances to Suppliers & Contractors    | 26,099,000                | 26,099,000                | 0                        | 0.00%  | 3.44%                 | 3.55%                 |  |
|  | <u>756,454,651</u>        | <u>731,384,580</u>        | <u>25,070,071</u>        | 3.43%  | <u>99.63%</u>         | <u>99.49%</u>         |  |
| <b>TOTAL ASSETS</b>                    | <b><u>759,295,324</u></b> | <b><u>735,168,062</u></b> | <b><u>24,127,262</u></b> | 3.28%  | <b><u>100.00%</u></b> | <b><u>100.00%</u></b> |  |
| <b>LIABILITIES AND EQUITY</b>          |                           |                           |                          |        |                       |                       |  |
| <b>Current Liabilities</b>             |                           |                           |                          |        |                       |                       |  |
| Accounts Payable and Other Liabilities | 69,642,833                | 60,282,492                | 9,360,341                | 15.53% | 9.17%                 | 8.20%                 |  |
| Notes Payable - Current Portion        | 2,142,920                 | 0                         | 2,142,920                | 0.00%  | 0.28%                 | 0.00%                 |  |
|  | <u>71,785,753</u>         | <u>60,282,492</u>         | <u>11,503,261</u>        | 19.08% | <u>9.45%</u>          | <u>8.20%</u>          |  |
| <b>Non-Current Liabilities</b>         |                           |                           |                          |        |                       |                       |  |
| Notes Payable - Non-Current Portion    | 207,863,240               | 214,292,000               | -6,428,760               | -3.00% | 27.38%                | 29.15%                |  |
| Advances from Shareholders             | 50,639,917                | 33,050,000                | 17,589,917               | 53.22% | 6.67%                 | 4.50%                 |  |
|  | <u>258,503,157</u>        | <u>247,342,000</u>        | <u>11,161,157</u>        | 4.51%  | <u>34.05%</u>         | <u>33.64%</u>         |  |
| <b>TOTAL LIABILITIES</b>               | <b><u>330,288,910</u></b> | <b><u>307,624,492</u></b> | <b><u>22,664,418</u></b> | 7.37%  | <u>43.50%</u>         | <u>41.84%</u>         |  |
| <b>Equity</b>                          |                           |                           |                          |        |                       |                       |  |
| Share Capital                          | 168,945,000               | 164,042,250               | 4,902,750                | 2.99%  | 22.25%                | 22.31%                |  |
| Share Premium (net)                    | 312,577,167               | 304,714,220               | 7,862,946                | 2.58%  | 41.17%                | 41.45%                |  |
| Revaluation Increment on Land          | 51,301,213                | 51,301,213                | 0                        | 0.00%  | 6.76%                 | 6.98%                 |  |
| Deficit                                | -103,816,966              | -92,514,114               | -11,302,852              | 12.22% | -13.67%               | -12.58%               |  |
| <b>TOTAL EQUITY</b>                    | <b><u>429,006,414</u></b> | <b><u>427,543,570</u></b> | <b><u>1,462,844</u></b>  | 0.34%  | <u>56.50%</u>         | <u>58.16%</u>         |  |
| <b>TOTAL LIABILITIES AND EQUITY</b>    | <b><u>759,295,324</u></b> | <b><u>735,168,062</u></b> | <b><u>24,127,262</u></b> | 3.28%  | <b><u>100.00%</u></b> | <b><u>100.00%</u></b> |  |

## Assets

### Cash

Cash is the most used single resource of the company. Anything that goes into the bank account of the company is used for the construction of the hospital. Funds do not stay in the bank, thus, the low ending balance.

### Advances and Receivables

These are the advanced payments made by the company to suppliers.

### Construction-In-Progress

This represents the funds already used by the company for the construction of the hospital. As compared to the previous year of the same period, the amount of CIP increased by P25.1M (4.09%).

## Property and Equipment

The changes recorded in the PPE account is the effect of the mandatory depreciation expenses.

## Liabilities

### Accounts Payable & Other Liabilities

Included in this account are the accrued expense payables of the company such as founder salaries and honorarium, as well as taxes that are yet to be paid. There were also other services and transactions that were already delivered but remains unpaid. Retention Payable amounts to P25.16M, Accrued interest Payable now stands at P4.05M. Accrued Expenses Payable is at P27.4M.

### Notes Payable (Bank Loan)

During the year, the company was able to pay off already a total of P4.286M of the total bank loans of the company. The balance now stands at P210.0M as at end of Sept. 2025.

### Advances from Shareholders

Shareholders of the company lend money to the corporation to augment the fund for the construction of the hospital. This amount already increased by P17.59M since last year's balance of P33.05M.

## Equity

### Share Capital

This represents the outstanding paid up shares as of the end of September 2025. 18,840 shares have already been sold and paid. For the founding shareholders, P150,105 shares have been paid up.

### Share Premium (net)

The total amount received from the shares sold in excess of approved par value or those that were sold at premium.

### Deficit

This the recorded losses of the company since the start of the construction. September 30, 2024 recorded P92.5M and increased by P11.302M in a year's time. Total deficit now stands at P103.82M.

| STATEMENT OF FINANCIAL POSITION | As of September 30 |                  |                   |
|---------------------------------|--------------------|------------------|-------------------|
|                                 | 2025               | 2024             | 2023              |
| <b>ASSETS</b>                   |                    |                  |                   |
| <b>Current Assets</b>           |                    |                  |                   |
| Cash                            | 1,425,549          | 3,106,886        | 6,111,101         |
| Advances and Other Receivables  | 1,401,124          | 662,596          | 7,540,066         |
| Prepayments                     | 0                  | 0                | 48,000            |
| Rental Deposits                 | 14,000             | 14,000           | 0                 |
|                                 | <u>2,840,673</u>   | <u>3,783,482</u> | <u>13,699,167</u> |

**Non-Current Assets**

|                                     |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
| Construction-In-Progress            | 639,543,254        | 614,395,762        | 570,053,413        |
| Property and Equipment (net)        | 90,812,397         | 90,889,817         | 90,919,755         |
| Advances to Suppliers & Contractors | 26,099,000         | 26,099,000         | 26,099,000         |
|                                     | <u>756,454,651</u> | <u>731,384,580</u> | <u>687,072,168</u> |
| <b>TOTAL ASSETS</b>                 | <b>759,295,324</b> | <b>735,168,062</b> | <b>700,771,335</b> |

**LIABILITIES AND EQUITY****Current Liabilities**

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Accounts Payable and Other Liabilities | 69,642,833        | 60,282,492        | 51,014,821        |
| Notes Payable - Current Portion        | 2,142,920         | 0                 | 0                 |
|  | <u>71,785,753</u> | <u>60,282,492</u> | <u>51,014,821</u> |

**Non-Current Liabilities**

|                                     |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
| Notes Payable - Non-Current Portion | 207,863,240        | 214,292,000        | 214,292,000        |
| Advances from Shareholders          | 50,639,917         | 33,050,000         | 35,455,567         |
|                                     | <u>258,503,157</u> | <u>247,342,000</u> | <u>249,747,567</u> |

**TOTAL LIABILITIES**

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | <b>330,288,910</b> | <b>307,624,492</b> | <b>300,762,388</b> |
|--|--------------------|--------------------|--------------------|

**Equity**

|                               |              |             |             |
|-------------------------------|--------------|-------------|-------------|
| Share Capital                 | 168,945,000  | 164,042,250 | 157,270,000 |
| Share Premium (net)           | 312,577,167  | 304,714,220 | 280,357,620 |
| Revaluation Increment on Land | 51,301,213   | 51,301,213  | 51,301,213  |
| Deficit                       | -103,816,966 | -92,514,114 | -88,919,886 |

**TOTAL EQUITY**

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | <b>429,006,414</b> | <b>427,543,570</b> | <b>400,008,947</b> |
|--|--------------------|--------------------|--------------------|

**TOTAL LIABILITIES AND EQUITY**

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | <b>759,295,324</b> | <b>735,168,062</b> | <b>700,771,335</b> |
|--|--------------------|--------------------|--------------------|

**KEY PERFORMANCE INDICATORS**

| KPIs  | As of SEPTEMBER 30  |          |          |
|---|---|----------|----------|
|   | 2025  | 2024     | 2023     |
| <b>Liquidity Ratios</b>   |   |          |          |
| <b>Quick Asset Ratio</b>  |   |          |          |
| Cash + Cash Equivalents +<br>Current Receivables / Current<br>Liabilities | 0.04 : 1  | 0.06 : 1 | 0.27 : 1 |
|   | These are not favorable quick asset ratios. But this is because the hospital is in the construction stage and money generated is really of essence. This is the phase where the company is desperate in finding funds but this shall pass and improve once the hospital operates. |          |          |
| <b>Current Ratio</b>  |   |          |          |
| Current Assets / Current<br>Liabilities                                   | 0.04 : 1  | 0.06 : 1 | 0.27 : 1 |
|   | The same with quick assets ratio, current assets ratio presented not so good numbers. When this construction phase is done and the hospital eventually operates, this shall change and slowly improve and present better figures.   |          |          |
| <b>Solvency Ratios</b>  |   |          |          |
| <b>Debt-to-Equity Ratio</b>   |   |          |          |
| Long Term Debt / Equity   | 0.60 : 1  | 0.58 : 1 | 0.62 : 1 |

The company's long-term debt increases faster than its equity. Although, there is just a slight change in the figures presented, it still is presenting a down trend. Hopefully, the company is able to improve in selling its securities, that way, we can counter the increase in the long-term debts of company.

**Profitability Ratios**

**Net Profit Margin Ratio**

|                    |   |                                  |   |
|--------------------|---|----------------------------------|---|
| Net Income / Sales | 0 | 0                                | 0 |
|                    |   | Financial data not yet available |   |

**Return on Equity**

|                                   |   |                                  |   |
|-----------------------------------|---|----------------------------------|---|
| Net Income / Stockholder's Equity | 0 | 0                                | 0 |
|                                   |   | Financial data not yet available |   |

**Leverage**

**Debt-to-Total Asset Ratio**

|                            |          |          |          |
|----------------------------|----------|----------|----------|
| Total Debts / Total Assets | 0.43 : 1 | 0.42 : 1 | 0.43 : 1 |
|----------------------------|----------|----------|----------|

This ratio reflects how much of the company assets cover the value of its obligations. And though the figures shown here says that the company's assets were at least 57% bigger than its actual obligations, it is worthy to note that most of these assets are fixed assets and are not easily convertible to cash.

**Asset-to-Equity Ratio**

|                       |          |          |          |
|-----------------------|----------|----------|----------|
| Total Assets / Equity | 1.77 : 1 | 1.72 : 1 | 1.75 : 1 |
|-----------------------|----------|----------|----------|

The asset-equity ratio show that a large part of the funds used to finance the construction of the hospital came from the equity of the company. This could be better when more of the company's securities were sold and eventually used to construct the hospital.

**Interest Rate Coverage Ratio**

**Interest Rate Coverage Ratio**

|  |   |                                  |   |
|--|---|----------------------------------|---|
| Earnings Before Interests & Taxes / Interest Expense | 0 | 0                                | 0 |
|  |   | Financial data not yet available |   |

## **Trends, Events, or Uncertainties that are reasonably expected to affect operations**

### **As of September 30, 2025**

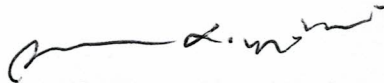
- The company has not been involved in any legal proceedings, tax and/or regulatory assessments.
- There has been no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There are no seasonal aspects that had a material impact on the results of operations of the company.
- There are no events nor any default acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the company
- The company intends to commence its operations in 2026 when the hospital facility will be completed.
- The company has no investments on foreign securities.

## PART II - OTHER INFORMATION

There are no additional material information to be disclosed which were not previously reported under SEC Form 17-C

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.



**Dr. JASMIN L. MONTECILLO**  
Corporate Treasurer  
Date: November 13, 2025



**Dr. FREDILYN G. SAMORO**  
President  
Date: November 13, 2025

## **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – GENSAN INC.**

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### **NOTES TO FINANCIAL STATEMENTS**

As at September 30, 2025 and 2024 (Amounts in Philippine Peso)

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#### **NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS**

##### ***Corporate Information***

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – GENSAN INC.** (the “Company”) was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under registration no. CS201612055 on June 10, 2016.

The Company’s primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinic, condo-hospital, scientific research institutions and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On June 28, 2019, the SEC En Banc approved the registration application of the Company for 228,000 shares under SEC MSRDR Order No.29. These shares have been registered and were offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located at Second Flr. Genmedex, Santiago Blvd. General Santos City, South Cotabato.

##### ***Status of Operations***

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which is expected to be fully completed by 2026.

The Company has incurred an accumulated deficit of ₱ 103,816,966 and ₱ 92,514,114 as at September 30, 2025 and 2024, respectively, as a result of various general and administrative expenses incurred while the Company is still in its pre-commercial operation stage. It is expected to generate positive result upon commencement of its commercial operations.

##### ***Authorization for Issuance of the Financial Statements***

The financial statements of the Company as at and for the period ended September 30, 2025, including its comparative figures as September 30, 2024 were approved and authorized for issuance by the Board of Directors on November 13, 2025.

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**NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION  
AND PRESENTATION OF FINANCIAL STATEMENTS**

**Statement of Compliance**

*Basis of Preparation*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standard.

*Basis of Measurement*

The financial statements have been prepared under the historical cost basis, unless otherwise stated.

***Functional Currency and Foreign Currency Translations***

*Functional and Presentation Currency*

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

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**NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND  
INTERPRETATIONS**

**Adoption of New and Revised Accounting Standards Effective in 2024**

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

***Adoption of Amended PFRS Effective Beginning on or after January 1, 2024:***

- Amendments to PAS 1, Classification of Liabilities as Current or Non-Current

The amendments clarify:

- That only covenants which an entity must comply on or before reporting date will affect a liability classification as current or non-current.
  - That classification is unaffected by the leasehold that an entity will exercise its deferred right.
  - 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.
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures – Supplier Finance Arrangements* — The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk.

Unless otherwise indicated, adoption of these new standards did not have an impact in the financial statements of the Company.

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

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements.

The Company intends to adopt the following pronouncements when they become effective;

##### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards – Volume 11
  - Amendments to PFRS, 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lease Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

##### *Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

##### *Deferred effectivity*

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

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## **NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

### **Current versus Noncurrent Classification**

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

The Company also modifies classification of prior year amounts to conform to current year's presentation.

### **Fair Value Measurement**

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **Financial Instruments**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### ***Date of Recognition***

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

#### ***"Day 1" Difference***

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

### **Financial assets**

#### ***Initial Recognition and Measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

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

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

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

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

#### ***Subsequent Measurement***

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

- financial assets at amortized cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)
- financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon de recognition (equity instruments)
- financial assets at fair value through profit or loss

#### **Financial assets at amortized cost (debt instruments)**

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents (excluding petty cash fund) and advances and other receivables as at reporting dates (see Notes 6 and 7).

#### **Financial assets fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation, if any, and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de recognition, the cumulative fair value change recognized in OCI is recycled to profit and loss.

The Company does not have debt instruments designated at fair value through OCI as at reporting dates.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 – *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments designated at fair value through OCI (FVOCI) as at reporting dates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statements of profit or loss when the right of payment has been established.

The Company does not have financial assets at fair value through profit or loss as at reporting dates.

***De recognition***

The financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risk and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' agreement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### ***Reclassification***

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

### ***Impairment***

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the

Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss is required for credit expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

### ***Write-off***

Financial assets are written-off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de recognition event.

## **Financial Liabilities**

### ***Initial Recognition and Measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### ***Subsequent Measurement***

The measurement of financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

#### **Financial liabilities at amortized cost (loans and borrowings)**

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized

in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as "Finance cost" in the statements of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders (see Notes 11, 12 and 13).

### ***De recognition***

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

### ***Fair Value Option***

The Company may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortized cost or fair value through other comprehensive loss to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch or otherwise results in more relevant information.

### ***Classification of Financial Instrument between Liability and Equity***

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Company and all of the counterparties.

## **Cash**

Cash in the statement of financial position comprises petty cash and cash in various banks that are unrestricted and available for current operations. These are stated in the financial statements at amortized amount.

## **Advances and other receivables**

Advances to contractors and suppliers are payments made in advance, such as down payments for a contractual project and acquisition of equipment. Advances are initially recorded at the amount of cash paid. These will be subsequently reclassified to property and equipment upon completion of the project and/or once the equipment is actually or constructively delivered.

Other receivables on the other hand, is recognized if an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets earlier discussed.

## **Prepayments**

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

## **Property and Equipment**

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

- its purchases price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

At the end of each reporting period, items of property, plant and equipment, except land, measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses. Land is subsequently carried at the revalued amount less accumulated impairment losses. Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their costs, accumulated depreciation and amortization and accumulated impairment losses are

eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Fully depreciated and fully amortized assets are retained by the Company as part of property and equipment until these are derecognized or until they are no longer in use.

### **Construction-in-progress**

Construction-in-progress is stated at cost. This includes the costs related to the construction of the hospital building and installation of medical equipment, property development costs and other direct costs. Cost of borrowings and any additional costs incurred in relation to the project are recognized in this account. Construction-in-progress is not depreciated until such time that the relevant assets are completed and ready for its intended use.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

### **Impairment of Non-Financial Assets**

At each reporting dates, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from the other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

### **Equity**

An equity instrument is any contract with the shareholders that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue cost.

#### *Share capital*

Share capital is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

#### *Share premium*

Share premium is the difference between the issue price and the par value of the stock and is known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value.

#### *Revaluation surplus*

A revaluation surplus is an equity account in which is stored the upward changes in value of property and equipment. If a revalued asset is subsequently dispositioned out from the Company, any remaining revaluation surplus is credited/ (debited) to the retained earnings/ deficit account of the Company.

#### *Deficit*

Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of changes in accounting policy as may be required by the standard's transitional provision.

#### *Other comprehensive income (loss)*

Other comprehensive income (loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

### **Revenue Recognition**

#### *Service income from hospital services*

The Company renders primary healthcare services to its patients over a single period of time in the ordinary course of business. Revenue is recognized as the services are provided.

The Hospital has no revenue since it's still in building construction stage.

#### *Sale of medical goods*

Revenue from sale of medical goods is recognized at the point in time when control of the asset is transferred to the customer.

The Company does not have revenues from hospital services nor sale of medical goods since it is still in its construction stage, thus, not yet in commercial operations as at September 30, 2025.

### **Other Revenues**

#### *Interest income*

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

### **Expense Recognition**

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: (a) on the basis of a direct association between the costs incurred and the earning of specific items of income; (b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (c) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive loss are presented using the function of expense method. General and administrative expenses constitute costs attributable to general, administrative, and other business activities of the Company and are expensed as incurred.

### **Related Party Relationships and Transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

### **Employee Benefits**

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees.

#### Short-term Benefits

Short-term employee benefits are those benefits expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Short-term benefits given by the Company to its employees include salaries and wages, social security, health insurance and housing contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holidays). They are included in the salaries and wages account and are recognized when paid at the end of every year to the employee.

#### Post-employment Benefits

The Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan, an agreement providing benefits for retiring employees in the private sector shall prevail where an employee, upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in service, may retire and shall be entitled to a retirement pay equivalent to at least ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

As at reporting dates, the Company has not yet established a Retirement Benefits Plan for its employees since no employee is entitled to date.

### Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### **Borrowing costs**

Borrowing costs are generally recognized as expense in the year in which these costs are incurred. However, borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. It includes interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Company as lessee*

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **Income Tax**

Income tax expense represents the sum of the current tax expense and deferred tax expense.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

### Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computations of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting dates and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

### *Current and deferred tax for the year*

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive income or directly in equity respectively.

### **Earnings (Loss) per Share**

Basic earnings (loss) per share is calculated by dividing income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after giving retroactive effect to any bonus issued/declared during the year, if any.

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

### **Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive loss, net of any reimbursement.

Contingent liabilities are not recognized in the Company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the Company financial statements.

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**NOTE 5 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

**Judgments in Applying the Company's Accounting Policies**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

*Business Model Assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

*Significant Increase of Credit Risk*

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

### *Classification of Financial Instrument*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

### Operating Lease Commitments – Company as Lessee

Based on Management evaluation, the lease arrangements entered into by Company as a lessee are accounted for as operating leases because the Company has determined that the lessor will not transfer the ownership of the leased assets to the Company upon termination of the lease.

### *Recognition of Deferred Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied.

### *Impairment of Non-Financial Assets*

Property and equipment is periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

### *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 4, subheading “*Provisions and Contingencies.*”

### **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

#### *Assessment for allowance for expected credit losses*

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is

relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized for the period ended September 30, 2025 and 2024. The carrying amounts of other financial assets at amortized cost are as follows:

|                                | Sep 2025         | Sep 2024         |
|--------------------------------|------------------|------------------|
| Cash*                          | 1,375,549        | 3,056,886        |
| Advances and Other Receivables | 1,401,124        | 662,596          |
|                                | <u>2,776,673</u> | <u>3,719,482</u> |

*\*excluding petty cash fund of P50,000 as at Sep 30, 2025 and 2024*

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on non-financial assets was recognized as at September 30, 2025 and 2024.

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

|                                       | Sep 2025                  | Sep 2024           |
|---------------------------------------|---------------------------|--------------------|
| Advances to contractors and suppliers | <b>26,099,000</b>         | 26,099,000         |
| Property and equipment (net)          | <b>90,812,397</b>         | 90,889,817         |
| Construction-in-progress              | <b>639,543,254</b>        | 614,395,762        |
|                                       | <u><b>756,454,651</b></u> | <u>731,384,580</u> |

### *Estimating useful lives of property and equipment*

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

| <b>Categories</b>              | <b>Estimated Useful Life</b> |
|--------------------------------|------------------------------|
| Office furniture and equipment | 5 years                      |
| Transportation and equipment   | 5 years                      |

As at September 30, 2025 and 2024, the Company's property and equipment had carrying amounts of ₱91,812,397 and ₱90,889,817, respectively, as disclosed in Note 9.

### *Asset impairment other than goodwill*

The Company performs an impairment review when certain impairment indicators are present.

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

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

As at September 30, 2025 and 2024, Management believes that the recoverable amounts of the Company's property and equipment approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

### *Deferred tax assets*

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the Company's forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues

and expenses. As at September 30, 2025, December 31, 2024 and 2023, the Company had assessed that they will not generate sufficient taxable income from the utilization of deferred tax assets in the succeeding years.

Deferred tax assets with full valuation allowance as at September 30, 2025, December 31, 2024, and 2023 amounted to ₱22,280,396, ₱20,326,194, and ₱15,975,983, respectively (see Note 16).

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**NOTE 6 - CASH**

This account consists of:

|                 | Sep 2025         | Sep 2024         |
|-----------------|------------------|------------------|
| Petty Cash Fund | 50,000           | 50,000           |
| Cash In Bank    | 1,375,549        | 3,056,886        |
|                 | <u>1,425,549</u> | <u>3,106,886</u> |

Cash includes petty cash fund and in banks that are unrestricted and available for current operations.

This is stated in the statements of financial position at face amount. Cash in banks generally earn interest at the prevailing bank's deposit rates.

Interest earned from cash in banks and cash equivalents accounts amounted to ₱575, and ₱970 in September 30, 2025 and 2024, respectively, and is presented as "interest income" in the statement of comprehensive income (loss).

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**NOTE 7 – ADVANCES AND OTHER RECEIVABLES**

This account consists of:

|                       | Sep 2025         | Sep 2024       |
|-----------------------|------------------|----------------|
| Accounts Receivable   | 1,393,824        | 662,596        |
| Advances to Employees | 7,300            | 0              |
|                       | <u>1,401,124</u> | <u>662,596</u> |

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**NOTE 8 – ADVANCES TO CONTRACTORS AND SUPPLIERS**

This account consists of:

|                         | Sep 2025          | Sep 2024          |
|-------------------------|-------------------|-------------------|
| Advances to Contractors | 18,033,600        | 18,033,600        |
| Advances to Suppliers   | 8,065,400         | 8,065,400         |
|                         | <u>26,099,000</u> | <u>26,099,000</u> |

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

<sup>2)</sup> Advances to suppliers are down payments made to suppliers of medical equipment and/or construction materials ordered. The amounts represent 15% - 50% of the total contract price of the items purchased.

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**NOTE 9 - PROPERTY AND EQUIPMENT (net)**

Reconciliation of Property & Equipment (net) as at September 30, 2025 is as follows:

|   | Land              | Office<br>Furniture<br>&<br>Equipment | Transportation<br>Vehicle | Total             |
|---|-------------------|---------------------------------------|---------------------------|-------------------|
| <b>Cost:</b>                            |                   |                                       |                           |                   |
| Beginning of the Year                   | 39,334,287        | 887,243                               | 160,000                   | 40,381,530        |
| Additions                               | 0                 | 0                                     | 0                         | 0                 |
| <b>At end of Sep 2025</b>               | <b>39,334,287</b> | <b>887,243</b>                        | <b>160,000</b>            | <b>40,381,530</b> |
| <b>Accumulated Depreciation:</b>        |                   |                                       |                           |                   |
| Beginning of the Year                   | 0                 | 644,756                               | 144,000                   | 788,756           |
| Depreciation                            | 0                 | 65,591                                | 15,999                    | 81,590            |
| <b>At end of Sep 2025</b>               | <b>0</b>          | <b>710,347</b>                        | <b>159,999</b>            | <b>870,346</b>    |
| Revaluation Increment on Land           | <b>51,301,213</b> | <b>0</b>                              | <b>0</b>                  | <b>51,301,213</b> |
| <b>Net Carrying Value, Sep 30, 2025</b> | <b>90,635,500</b> | <b>176,896</b>                        | <b>1</b>                  | <b>90,812,397</b> |

Reconciliation of Property & Equipment (net) as at September 30, 2024 is as follows:

|   | Land              | Office<br>Furniture &<br>Equipment | Transportation<br>Vehicle | Total             |
|---|-------------------|------------------------------------|---------------------------|-------------------|
| <b>Cost:</b>                            |                   |                                    |                           |                   |
| Beginning of the Year                   | 39,334,287        | 750,957                            | 160,000                   | 40,245,244        |
| Additions                               | 0                 | 100,500                            | 0                         | 100,500           |
| <b>At end of Sep 2024</b>               | <b>39,334,287</b> | <b>851,457</b>                     | <b>160,000</b>            | <b>40,345,744</b> |
| <b>Accumulated Depreciation:</b>        |                   |                                    |                           |                   |
| Beginning of the Year                   | 0                 | 542,280                            | 111,999                   | 654,279           |
| Depreciation                            | 0                 | 78,861                             | 24,000                    | 102,861           |
| <b>At end of Sep 2024</b>               | <b>0</b>          | <b>621,141</b>                     | <b>135,999</b>            | <b>757,140</b>    |
| Revaluation Increment on Land           | <b>51,301,213</b> | <b>0</b>                           | <b>0</b>                  | <b>51,301,213</b> |
| <b>Net Carrying Value, Sep 30, 2024</b> | <b>90,635,500</b> | <b>230,316</b>                     | <b>24,001</b>             | <b>90,889,817</b> |

The land covered by TCT No. 147-20173003722 with a total area of ten thousand six hundred sixty-three square meters (10,663 sq. m.) is located in Lagao, General Santos City where the Company's multidisciplinary special medical facility (hospital) is being constructed (Note 10) and is subject of a real estate mortgage as disclosed in Note 12.

On June 7, 2019, the Company engaged an independent appraiser and determined the land's fair value at ₱90,635,500 as of appraisal date. This resulted to a revaluation increment on land

amounting to ₱51,301,213 reported under equity. The fair value of parcels land was arrived at

using market-based evidence adjusted based on certain elements of comparison. In valuing, records of recent sales and offerings of similar land were analyzed and comparison made for such factors as size, characteristics of the lot, location, quality and prospective use.

Management has reviewed the carrying values of property and equipment as at September 30, 2025 and 2024, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

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**NOTE 10 - CONSTRUCTION-IN-PROGRESS**

This account consists of accumulated costs for the construction of the Company’s hospital building project which is still ongoing as at reporting dates:

|                          | Year end<br>2024 | Transactions<br>2025 | As at<br>Sep-25 |
|--------------------------|------------------|----------------------|-----------------|
| Construction in Progress | 622,735,278      | 16,807,976           | 639,543,254     |

During the development and construction of the hospital building, borrowing costs on interest-bearing loans were capitalized.

Other related costs pertain to planning and project management expenses directly attributable to the construction project.

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at fifty point sixty five percent (50.65%).

As at September 30, 2025, the total construction cost to complete the hospital building based on the updated layout is estimated to be at ₱390,000,000.00.

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**NOTE 11 - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

This account consists of:

|                          | Sep 2025   | Sep 2024   |
|--------------------------|------------|------------|
| Retention Payable        | 25,164,636 | 25,164,636 |
| Accrued Interest Payable | 4,049,898  | 2,903,884  |
| Accounts Payable         | 12,463,415 | 5,011,505  |
| Accrued Expenses Payable | 27,380,988 | 26,845,730 |
| Statutory Liabilities    | 547,311    | 356,737    |
| Other Payables           | 36,585     | 0          |
|                          | 69,642,833 | 60,282,492 |

Retention payable refers to the amount withheld by the Company from the contractor's periodic progress billings as provided for in their respective contract. This shall be released to the contractor, net of deductions, if any, upon full completion and turnover of the project and final acceptance by the Company.

Accrued expenses and accounts payables pertain to unpaid expenses incurred as of the end of the period which were paid the following year.

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

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

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#### NOTE 12 - NOTES PAYABLE

Notes payable as at September 30 consist of:

|                     | 2025               | 2024               |
|---------------------|--------------------|--------------------|
| Current portion     | 2,142,920          | -                  |
| Non-current portion | 207,863,240        | 214,292,000        |
|                     | <b>210,006,160</b> | <b>214,292,000</b> |

In 2020, the Landbank of the Philippines extended a term loan equivalent to a credit line facility totaling ₱500,000,000 to partially finance the construction of a six 6-storey hospital building with roof deck and ancillary building.

The loan can be availed in several drawdowns, payable in 12 years in ladderized quarterly amortizations, including a 3-year grace period for principal amortization. Interest rate is at prevailing rate at the time of availment subject to quarterly repricing. The Company may opt to shift to fix rate after the full drawdown based on the applicable benchmark plus spread at the time of conversion based on the fixing or on the remaining term of the Loan.

As discussed in Note 9, the loan is collateralized and secured by a Real Estate Mortgage (REM) on both parcels of land owned by the Company, including present and future improvements, thereon.

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#### NOTE 13 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. The following were carried out with related parties as at June 30, 2025:

| Category                   | Outstanding Balance | Amount of Transaction | Outstanding Balance | Amount of Transaction | Outstanding Balance | Terms                                   | Conditions                          |
|----------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|---|-------------------------------------|
|                            | Sep-25              | 2025                  | 2024                | 2024                  | 2023                |   |                                     |
| Advances from Shareholders | 50,639,917          | 14,814,917            | 35,825,000          | 8,075,000             | 27,750,000          | Interest Bearing to be paid in Cash (a) | Unsecured, unguaranteed, unimpaired |

(a) Advances from shareholders

In a special meeting of the Board of Directors held on October 11, 2016, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development of its medical structures and appurtenances.

In view of this, the shareholders advanced monies in support of the Company's hospital building construction requirements. These advances are interest-bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

Key Management Personnel Compensation

In a meeting held on November 16, 2018, the Board of Directors approved and ratified the payment of its key management personnel with salaries equivalent to the services they rendered in overseeing the pre-operating stage of the Company, which mainly pertains to the construction of the hospital building as of reporting date.

Key management compensation amounted to ₱5,850,000 and ₱5,400,000 for the periods ended September 30, 2025 and 2024, respectively. These amounts are incorporated in the "salaries and other benefits" account in the statements of comprehensive loss (see Note 15).

Key management includes the board of directors, all members of management and other Company officers.

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**NOTE 14 - SHARE CAPITAL - net**

Details of the Company's share capital as at September 30, 2025 is as follows:

|   | <b>No. of Shares</b> | <b>Amount</b>      |
|---|----------------------|--------------------|
| Authorized share capital – ₱1,000 par value                             |                      |                    |
| Founders' shares  | 600                  | 600,000            |
| Common shares   | 179,400              | 179,400,000        |
| Preferred shares  | 60,000               | 60,000,000         |
| <b>Total authorized share capital</b>                                   | <b>240,000</b>       | <b>240,000,000</b> |
| Subscribed share capital:   |                      |                    |
| Founders' shares  | 600                  | 600,000            |
| Common shares   | 150,240              | 150,240,000        |
| Preferred shares  | 60,000               | 60,000,000         |
| <b>Total subscribed share capital</b>                                   | <b>210,840</b>       | <b>210,840,000</b> |
| Paid-up share capital (net of subscriptions receivable of ₱41,895,000): |                      |                    |
| Founders' shares  | 600                  | 600,000            |
| Common shares   | 150,240              | 150,345,000        |
| Preferred shares  | 60,000               | 18,000,000         |
| <b>Total paid-up share capital</b>                                      | <b>210,840</b>       | <b>168,945,000</b> |

Details of the Company's share capital as at September 30, 2024 is as follows:

|   | No. of Shares  | Amount             |
|---|----------------|--------------------|
| Authorized share capital – ₱1,000 par value                             |                |                    |
| Founders' shares  | 600            | 600,000            |
| Common shares   | 179,400        | 179,400,000        |
| Preferred shares  | 60,000         | 60,000,000         |
| <b>Total authorized share capital</b>                                   | <b>240,000</b> | <b>240,000,000</b> |
| Subscribed share capital:   |                |                    |
| Founders' shares  | 600            | 600,000            |
| Common shares   | 149,690        | 149,690,000        |
| Preferred shares  | 60,000         | 60,000,000         |
| <b>Total subscribed share capital</b>                                   | <b>210,290</b> | <b>210,290,000</b> |
| Paid-up share capital (net of subscriptions receivable of ₱46,247,750): |                |                    |
| Founders' shares  | 600            | 600,000            |
| Common shares   | 149,690        | 145,442,250        |
| Preferred shares  | 60,000         | 18,000,000         |
| <b>Total paid-up share capital</b>                                      | <b>210,290</b> | <b>164,042,250</b> |

In 2018, the Company filed a registration application covering its proposed Initial Public Offering (IPO) of its 36,000 common shares. Said registration statement was approved on June 28, 2019, in accordance with the provisions of the SEC's Securities Regulation Code (see Note 1).

As of reporting date, pursuant to the SEC's approval, the Company issued a total of **EIGHTEEN THOUSAND EIGHT HUNDRED FORTY (18,840)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱311,901,861. The common share offer price amounted to ₱250,000 up to ₱400,000 per block; [one (1) block is equivalent to ten (10) common shares].

Founders' shares have the exclusive right to vote and be voted upon as directors for five (5) years from the date of SEC registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares. The Company has forty-three (43) shareholders, each owning 100 or more shares of the Company's shares of stock as at September 30, 2025 and 2024.

Preferred shares shall be subject to the following terms and conditions:

1. Shall be entitled to a reasonable monthly interest to be determined by the board, subject to availability of funds.
2. Convertible to common shares on or before five (5) years.
3. The board at its discretion may at any time, allow the conversion of preferred shares to common shares.
4. Shall not be entitled to voting rights until converted to common shares.

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#### NOTE 15: GENERAL AND ADMINISTRATIVE EXPENSES

Details of account are as follows:

| General and Administrative Costs | For the Period Ending September 30 |           |           |
|----------------------------------|------------------------------------|-----------|-----------|
|                                  | 2025                               | 2024      | 2023      |
| Salaries and Wages               | 5,778,535                          | 7,132,838 | 8,507,046 |
| Honorarium                       | 1,104,000                          | 3,740,000 | 8,147,500 |
| Transpo & Travel Expenses        | 275,169                            | 369,196   | 645,335   |

|   |                  |                   |                   |
|---|------------------|-------------------|-------------------|
| Meals and Meeting Expenses              | 24,374           | 0                 | 97,049            |
| Legal Fees                              | 395,000          | 351,300           | 0                 |
| Ads & Mktg Expenses                     | 187,829          | 182,812           | 252,237           |
| Repairs/Maintenance                     | 99,217           | 83,919            | 54,174            |
| Rent Expenses                           | 75,412           | 216,191           | 200,812           |
| Security Services                       | 97,054           | 94,687            |                   |
| Taxes & Licenses                        | 46,276           | 980,080           | 2,357,013         |
| 13th Month Pay Expense                  | 101,266          | 137,311           | 102,669           |
| Stationeries & Office Supplies          | 66,474           | 93,150            | 100,989           |
| Depreciation                            | 81,590           | 102,861           | 100,965           |
| SSS, PHIC, HDMF Contributions           | 92,283           | 132,575           | 178,379           |
| Communication, Light, Water Expenses    | 98,655           | 110,426           | 77,789            |
| Professional Fees                       | 74,356           | 90,725            | 722,874           |
| Fuel and Lubricants                     | 28,980           | 33,835            | 65,617            |
| Postage & Courier Services              | 5,334            | 3,755             | 4,235             |
| Bank Charges & Penalties and Surcharges | 6,948            | 6,819             | 82,754            |
| Others                                  | 9,916            | 26,014            | 0                 |
| Miscellaneous                           | 12,244           | 25,519            | 76,877            |
|   | <b>8,660,912</b> | <b>13,914,013</b> | <b>21,774,314</b> |

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#### NOTE 16 - INCOME TAX

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

| <b>I. Regular Corporate Income tax (RCIT)</b>   | <b>Sep 2025</b>    | <b>Dec 2024</b> | <b>Dec 2023</b> |
|---|--------------------|-----------------|-----------------|
| Net loss before income tax                      | <b>(7,816,235)</b> | (17,399,660)    | (21,013,923)    |
| Add (deduct) reconciling items:                 |                    |                 |                 |
| Interest income subjected to final tax (Note 6) | <b>(575)</b>       | (1,182)         | (3,869)         |
| Net operating loss                              | <b>(7,816,810)</b> | (17,400,842)    | (21,017,792)    |
| Tax rate  | <b>25%</b>         | 25%             | 25%             |
| <b>RCIT</b>                                     | <b>NIL</b>         | NIL             | NIL             |

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#### II. Minimum Corporate Income Tax (MCIT)

No MCIT computation is presented as there were no taxable revenues for the years ended December 31, 2024 and 2023. In 2019, as per National Internal Revenue Code (NIRC), the Company is not yet covered by the Minimum Corporate Income Tax (MCIT) since the Company has not yet started its commercial operations.

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#### III. Net Operating Loss Carry Over (NOLCO)

On September 30, 2020, Finance Secretary Carlos Dominguez and Internal Revenue Commissioner Caesar Dulay signed Revenue Regulation 25-2020, implementing Section 4 of the Bayanihan to Recover as One or Bayanihan 2 Act, particularly on the NOLCO of companies. The Bureau of Internal Revenue (BIR) has extended to five years the carry-over period for net operating losses incurred by businesses in 2020 and 2021 due to the impact of the coronavirus pandemic.

| Year Incurred | Expiration Date | Beginning balance | Additions | Expired | Claimed | Ending Balance |
|---------------|-----------------|-------------------|-----------|---------|---------|----------------|
| <b>NOLCO</b>  |                 |                   |           |         |         |                |
| 2020          | 2025            | 13,430,409        | -         | -       | -       | 13,430,409     |
| 2021          | 2026            | 13,672,897        | -         | -       | -       | 13,672,897     |
|               |                 | 27,103,306        | -         | -       | -       | 27,103,306     |

In June 30, 2022 the NOLCO carry over period was reverted back to three years. Thus, as at December 31, 2024, NOLCO that can be claimed as deduction from future taxable income are as follows:

| Year Incurred   | Expiration Date | Beginning balance | Additions        | Expired | Claimed | Ending Balance    |
|-----------------|-----------------|-------------------|------------------|---------|---------|-------------------|
| <b>NOLCO</b>    |                 |                   |                  |         |         |                   |
| 2022            | 2025            | 15,782,835        | -                | -       | -       | 15,782,835        |
| 2023            | 2026            | 21,017,792        | -                | -       | -       | 21,017,792        |
| 2024            | 2027            | 17,400,842        | -                | -       | -       | 17,400,842        |
| <b>Sep 2025</b> | <b>2028</b>     | -                 | <b>7,816,810</b> | -       | -       | <b>7,816,810</b>  |
|                 |                 | <b>54,201,469</b> | <b>7,816,810</b> | -       | -       | <b>62,018,279</b> |

#### IV. Deferred Tax Asset

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

|                              | Sep 2025            | Dec 2024     | Dec 2023     |
|------------------------------|---------------------|--------------|--------------|
| NOLCO                        | <b>89,121,585</b>   | 81,304,775   | 63,903,933   |
| Tax rate                     | <b>25%</b>          | 25%          | 25%          |
|                              | <b>22,280,396</b>   | 20,326,194   | 15,975,983   |
| Valuation allowance (Note 5) | <b>(22,280,396)</b> | (20,326,194) | (15,975,983) |
|                              | -                   | -            | -            |

The Company provides full valuation allowance on its deferred tax assets from NOLCO since management believes that the Company will not be able to generate future taxable income in which such can be applied. The deferred tax asset of the Company arising from net operating loss carry over (NOLCO) prior to 2020 can be charged against future taxable income of the next three (3) years. On the other hand, deferred tax assets arising from NOLCO for the years 2020 and 2021 can be charged against future taxable income of the next five (5) taxable years pursuant to the CREATE Law.

#### NOTE 17 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

|   | Sep 2025       | Dec 2024       | Dec 2023        |
|---|----------------|----------------|-----------------|
| Loss attributable to ordinary shares                              | (7,816,235)    | (17,399,660)   | (21,013,923)    |
| Divide by: Weighted average number of ordinary shares outstanding | 210,840        | 209,780        | 207,871         |
| Basic loss per share  | <b>(37.07)</b> | <b>(82.94)</b> | <b>(101.09)</b> |

There are no potential dilutive ordinary shares outstanding as at September 30, 2025, December 31, 2024 and 2023.

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## NOTE 18 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### **Financial Risk**

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, and interest rate risk to its financial assets and financial liabilities.

The Company's principal financial assets and financial liabilities consist of cash (excluding petty cash fund), advances and other receivables, accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders which arise from operations.

The Company's Board of Directors reviews and approves the policies for managing each of these risks and these are summarized below:

### ***Credit risk***

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

The Company's financial assets at amortized cost are composed of cash and cash equivalents (excluding petty cash fund) and advances and other receivables. The Company limits its exposure to credit risk by investing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

Advances and other receivables are being monitored on a regular basis to ensure timely execution of necessary intervention efforts to minimize credit losses.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

### ***Interest Rate Risk***

| As at September 30, 2025          |                                   |   |                                   |           |
|-----------------------------------|-----------------------------------|---|-----------------------------------|-----------|
|                                   | Financial Asset at Amortized Cost |   |                                   | TOTAL     |
|                                   | 12-Month ECL                      | Lifetime ECL -<br>no credit<br>impaired | Lifetime ECL -<br>credit impaired |           |
| Cash*                             | 1,375,549                         | 0                                       | 0                                 | 1,375,549 |
| Advances and Other<br>Receivables | 1,401,124                         | 0                                       | 0                                 | 1,401,124 |
|                                   | 2,776,673                         | 0                                       | 0                                 | 2,776,673 |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2025

| As at September 30, 2024          |                                   |   |                                   |           |
|-----------------------------------|-----------------------------------|---|-----------------------------------|-----------|
|                                   | Financial Asset at Amortized Cost |   |                                   | TOTAL     |
|                                   | 12-Month ECL                      | Lifetime ECL -<br>no credit<br>impaired | Lifetime ECL -<br>credit impaired |           |
| Cash*                             | 3,056,886                         | 0                                       | 0                                 | 3,056,886 |
| Advances and Other<br>Receivables | 662,596                           | 0                                       | 0                                 | 662,596   |
|                                   | 3,719,482                         | 0                                       | 0                                 | 3,719,482 |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2024

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

The Company's financial instruments that are interest-bearing are its cash and cash equivalents (excluding petty cash fund) and notes payable (Notes 6 and 12).

Cash and cash equivalents are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

Interest rate risk, however, is directed to the portion of the Company's interest-bearing liability, loans payable to a related party, which carry fixed interest rate and are measured at amortized cost.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

### ***Liquidity Risk***

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

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

As at September 30, 2025

| Financial Assets:              | On Demand        | Within 1 Year | More than 1 Year but less than 5 Years | More than 5 Years | TOTAL            |
|--------------------------------|------------------|---------------|--|-------------------|------------------|
| Cash*                          | 1,375,549        | 0             | 0                                      | 0                 | 1,375,549        |
| Advances and Other Receivables | 1,401,124        | 0             | 0                                      | 0                 | 1,401,124        |
|                                | <u>2,776,673</u> | <u>0</u>      | <u>0</u>                               | <u>0</u>          | <u>2,776,673</u> |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2025

| Financial Liabilities:                | On Demand         | Within 1 Year    | More than 1 Year but less than 5 Years | More than 5 Years  | TOTAL              |
|---------------------------------------|-------------------|------------------|--|--------------------|--------------------|
| Accounts Payable & Other Liabilities* | 69,095,522        | 0                | 0                                      | 0                  | 69,095,522         |
| Notes Payables                        | 0                 | 2,142,920        | 38,572,560                             | 169,290,680        | 210,006,160        |
| Advances from Individuals             | 0                 | 0                | 50,639,917                             | 0                  | 50,639,917         |
|                                       | <u>69,095,522</u> | <u>2,142,920</u> | <u>89,212,477</u>                      | <u>169,290,680</u> | <u>329,741,599</u> |

\* excluding statutory liabilities amounting to P 547,311 at September 30, 2025

As at September 30, 2024

| Financial Assets:              | On Demand        | Within 1 Year | More than 1 Year but less than 5 Years | More than 5 Years | TOTAL            |
|--------------------------------|------------------|---------------|--|-------------------|------------------|
| Cash*                          | 3,056,886        | 0             | 0                                      | 0                 | 3,056,886        |
| Advances and Other Receivables | 662,596          | 0             | 0                                      | 0                 | 662,596          |
|                                | <u>3,719,482</u> | <u>0</u>      | <u>0</u>                               | <u>0</u>          | <u>3,719,482</u> |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2024

| Financial Liabilities:                | On Demand         | Within 1 Year | More than 1 Year but less than 5 Years | More than 5 Years  | TOTAL              |
|---------------------------------------|-------------------|---------------|--|--------------------|--------------------|
| Accounts Payable & Other Liabilities* | 59,925,756        | 0             | 0                                      | 0                  | 59,925,756         |
| Notes Payables                        | 0                 | 0             | 45,001,320                             | 169,290,680        | 214,292,000        |
| Advances from Individuals             | 0                 | 0             | 33,050,000                             | 0                  | 33,050,000         |
|                                       | <u>59,925,756</u> | <u>0</u>      | <u>78,051,320</u>                      | <u>169,290,680</u> | <u>307,267,756</u> |

\* excluding statutory liabilities amounting to P 356,737 at September 30, 2024

## FAIR VALUES OF FINANCIAL INSTRUMENTS

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

| Financial Assets:              | As at September 30, 2025 |                  | As at September 30, 2024 |                  |
|--------------------------------|--------------------------|------------------|--------------------------|------------------|
|                                | Carrying Amounts         | Fair Values      | Carrying Amounts         | Fair Values      |
| Cash*                          | 1,375,549                | 1,375,549        | 3,056,886                | 3,056,886        |
| Advances and Other Receivables | 1,401,124                | 1,401,124        | 662,596                  | 662,596          |
|                                | <u>2,776,673</u>         | <u>2,776,673</u> | <u>3,719,482</u>         | <u>3,719,482</u> |

*excluding petty cash fund amounting to P 50,000.00 at September 30, 2025 and September 30, 2024, respectively.*

| Financial Assets:                     | As at September 30, 2025 |                    | As at September 30, 2024 |                    |
|---------------------------------------|--------------------------|--------------------|--------------------------|--------------------|
|                                       | Carrying Amounts         | Fair Values        | Carrying Amounts         | Fair Values        |
| Accounts Payable & Other Liabilities* | 69,095,522               | 69,095,522         | 59,925,756               | 59,925,756         |
| Notes Payables                        | 210,006,160              | 210,006,160        | 214,292,000              | 214,292,000        |
| Advances from Individuals             | 50,639,917               | 50,639,917         | 33,050,000               | 33,050,000         |
|                                       | <u>329,741,599</u>       | <u>329,741,599</u> | <u>307,267,756</u>       | <u>307,267,756</u> |

*excluding statutory liabilities amounting to P 547,311 and 356,737 at September 30, 2025 and September 30, 2024 respectively*

### Assumption Used to Estimate Fair Values

The carrying amounts of cash and cash equivalents, advances and other receivables, and accounts payable and other liabilities approximate their fair values as at reporting dates due to the short-term nature of the transactions.

The carrying amount of notes payable approximates its fair value due to pre-determined contractual cash flow arrangements based on an applicable and regular re-priceable Philippine Dealing System Treasury (PDST) floating rate covering the term of the loan, as provided by the financial lending institution.

The fair value of refundable deposits cannot be measured reliably since there was no comparable market data and inputs for the sources of fair value such as discounted cash flows analysis. However, Management believes that their carrying amounts approximate their fair value.

### Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable for the asset or liability

The table below summarizes the classification of the Company's financial assets and liabilities based on the fair value measurement hierarchy:

As at September 30, 2025

|                                   | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-----------------------------------|---|---|---|
| <b>Financial Assets:</b>          |   |   |   |
| Cash*                             | 1,375,549                                       | 0   | 0   |
| Advances and Other<br>Receivables | 0   | 1,401,124                                     | 0   |
|                                   | 1,375,549                                       | 1,401,124                                     | 0   |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2025

As at September 30, 2025

|  | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|--|---|---|---|
| <b>Financial Liabilities:</b>            |   |   |   |
| Accounts Payable & Other<br>Liabilities* | 0   | 69,095,522                                    | 0   |
| Notes Payables                           | 0   | 210,006,160                                   | 0   |
| Advances from Individuals                | 0   | 50,639,917                                    | 0   |
|  | 0   | 329,741,599                                   | 0   |

\* excluding statutory liabilities amounting to P 547,311 at September 30, 2025

As at September 30, 2024

|                                   | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-----------------------------------|---|---|---|
| <b>Financial Assets:</b>          |   |   |   |
| Cash*                             | 3,056,886                                       | 0   | 0   |
| Advances and Other<br>Receivables | 0   | 1,473,124                                     | 0   |
|                                   | 2,460,576                                       | 1,473,124                                     | 0   |

\* excluding petty cash fund amounting to P 50,000.00 at September 30, 2024

As at September 30, 2024

|  | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|--|---|---|---|
| <b>Financial Liabilities:</b>            |   |   |   |
| Accounts Payable & Other<br>Liabilities* | 0   | 59,925,756                                    | 0   |
| Notes Payables                           | 0   | 214,292,000                                   | 0   |
| Advances from Individuals                | 0   | 33,050,000                                    | 0   |
|  | 0   | 307,267,756                                   | 0   |

\* excluding statutory liabilities amounting to P 356,737 at September 30, 2024

There were no reclassifications made between the different fair value hierarchy level as at September 30, 2025 and 2024.

### **CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholders value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2025 and 2024.

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

|                               | <b>September 2025</b> | September 2024 |
|-------------------------------|-----------------------|----------------|
| Share capital-net             | <b>168,945,000</b>    | 164,042,250    |
| Share premium-net             | <b>312,577,167</b>    | 304,714,220    |
| Revaluation increment on land | <b>51,301,213</b>     | 51,301,213     |
| Deficit                       | <b>(103,816,966)</b>  | (92,514,114)   |
|                               | <b>429,006,414</b>    | 427,543,570    |

The loan agreement with Landbank (Note 12) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting dates, all covenants and requirements are complied with.

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#### **NOTE 19 - CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITES**

The following table summarizes the changes in liabilities arising from financing activities as at September 30, 2025, December 2024 and 2023:

|                                   | 2024        | Cash Inflows | Payments  | Sep 2025           |
|-----------------------------------|-------------|--------------|-----------|--------------------|
| <b>Notes payable</b>              | 214,292,000 | –            | 4,285,840 | <b>210,006,160</b> |
| <b>Advances from shareholders</b> | 35,825,000  | 14,814,917   | –         | <b>50,639,917</b>  |
|                                   | 250,117,000 | 14,814,917   | 4,285,840 | <b>260,646,077</b> |

|                            | 2023        | Cash Inflows | Payments | 2024        |
|----------------------------|-------------|--------------|----------|-------------|
| Notes payable              | 214,292,000 | –            | –        | 214,292,000 |
| Advances from shareholders | 27,750,000  | 8,075,000    | -        | 35,825,000  |
|                            | 242,042,000 | 8,075,000    | -        | 250,117,000 |

## **SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR)**

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

### ***Revenue Regulations (RR) 15-2010***

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

#### **Output and Input Value-Added Tax**

Hospitals and clinics are exempt from VAT by virtue of Section 109 of the National Internal Revenue Code.

#### **Documentary Stamp Tax**

Details of the documentary stamp taxes paid for the period ended September 30 are as follows:

|   | <b>2025</b> |
|---|-------------|
| DST on additional subscription of shares charged to expense | <b>600</b>  |

#### **Taxes and licenses**

Details of the Company's other local and national taxes as at September 30 are as follows:

|                             | <b>2025</b>   |
|-----------------------------|---------------|
| Documentary stamp tax       | <b>1,100</b>  |
| Real property tax           | <b>13,790</b> |
| Business permits            | <b>4,392</b>  |
| Annual BIR registration fee | <b>0</b>      |
| Community tax               | <b>500</b>    |
|                             | <b>19,782</b> |

#### **Withholding Taxes**

Withholding taxes paid by the Company as at September 30 are as follows:

|                                 | <b>2025</b>      |
|---------------------------------|------------------|
| Expanded withholding taxes      | <b>219,720</b>   |
| Withholding tax on compensation | <b>1,192,797</b> |
|                                 | <b>1,412,517</b> |

#### **Deficiency Tax Assessment and Tax Cases**

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in court or bodies outside the Bureau of Internal Revenue as of September 30, 2025.

***RR 19-2020 and RR 34-2020***

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

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

\* \* \*

**ACE MC GENSAN**  
Statement of Financial Condition  
As at SEPTEMBER 30, 2025, 2024, and 2023

| STATEMENT OF FINANCIAL POSITION        | As of September 30        |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
|  | 2025                      | 2024                      | 2023                      |
| <b>ASSETS</b>                          |                           |                           |                           |
| <b>Current Assets</b>                  |                           |                           |                           |
| Cash                                   | 1,425,549                 | 3,106,886                 | 6,111,101                 |
| Advances and Other Receivables         | 1,401,124                 | 662,596                   | 7,540,066                 |
| Prepayments                            | 0                         | 0                         | 48,000                    |
| Rental Deposits                        | 14,000                    | 14,000                    | 0                         |
|  | <u>2,840,673</u>          | <u>3,783,482</u>          | <u>13,699,167</u>         |
| <b>Non-Current Assets</b>              |                           |                           |                           |
| Construction-In-Progress               | 639,543,254               | 614,395,762               | 570,053,413               |
| Property and Equipment (net)           | 90,812,397                | 90,889,817                | 90,919,755                |
| Advances to Suppliers & Contractors    | 26,099,000                | 26,099,000                | 26,099,000                |
|  | <u>756,454,651</u>        | <u>731,384,580</u>        | <u>687,072,168</u>        |
| <b>TOTAL ASSETS</b>                    | <b><u>759,295,324</u></b> | <b><u>735,168,062</u></b> | <b><u>700,771,335</u></b> |
| <b>LIABILITIES AND EQUITY</b>          |                           |                           |                           |
| <b>Current Liabilities</b>             |                           |                           |                           |
| Accounts Payable and Other Liabilities | 69,642,833                | 60,282,492                | 51,014,821                |
| Notes Payable - Current Portion        | 2,142,920                 | 0                         | 0                         |
|  | <u>71,785,753</u>         | <u>60,282,492</u>         | <u>51,014,821</u>         |
| <b>Non-Current Liabilities</b>         |                           |                           |                           |
| Notes Payable - Non-Current Portion    | 207,863,240               | 214,292,000               | 214,292,000               |
| Advances from Shareholders             | 50,639,917                | 33,050,000                | 35,455,567                |
|  | <u>258,503,157</u>        | <u>247,342,000</u>        | <u>249,747,567</u>        |
| <b>TOTAL LIABILITIES</b>               | <b><u>330,288,910</u></b> | <b><u>307,624,492</u></b> | <b><u>300,762,388</u></b> |
| <b>Equity</b>                          |                           |                           |                           |
| Share Capital                          | 168,945,000               | 164,042,250               | 157,270,000               |
| Share Premium (net)                    | 312,577,167               | 304,714,220               | 280,357,620               |
| Revaluation Increment on Land          | 51,301,213                | 51,301,213                | 51,301,213                |
| Deficit                                | -103,816,966              | -92,514,114               | -88,919,886               |
| <b>TOTAL EQUITY</b>                    | <b><u>429,006,414</u></b> | <b><u>427,543,570</u></b> | <b><u>400,008,947</u></b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>    | <b><u>759,295,324</u></b> | <b><u>735,168,062</u></b> | <b><u>700,771,335</u></b> |
|  | 0                         | -0                        | 0                         |

**ACE MC GENSAN**  
Statement of Profit and Loss  
For the Period Ending September 30, 2025, 2024, and 2023

| STATEMENT OF COMPREHENSIVE INCOME<br>(LOSS) | For the Period Ending September 30 |                    |                    |
|---|------------------------------------|--------------------|--------------------|
|   | 2025                               | 2024               | 2023               |
| Revenue                                     | 0                                  | 0                  | 0                  |
| Direct Costs                                | 0                                  | 0                  | 0                  |
| Gross Profits                               | 0                                  | 0                  | 0                  |
| Other Income                                | 844,677                            | 970                | 3,146              |
| Gross Income                                | 844,677                            | 970                | 3,146              |
| Gen. and Administrative Costs               | 8,660,912                          | 13,914,013         | 21,774,313         |
| Income (Loss) from Operations               | -7,816,235                         | -13,913,043        | -21,771,167        |
| Finance Cost                                | 0                                  | 0                  | 0                  |
| Net Income (Loss) Before Income Tax         | -7,816,235                         | -13,913,043        | -21,771,167        |
| Provision for Income Tax                    | 0                                  | 0                  | 0                  |
| Net Income (Loss) for the Year              | -7,816,235                         | -13,913,043        | -21,771,167        |
| Other Income (Loss)                         | 0                                  | 0                  | 0                  |
| <b>Total Comprehensive Income (Loss)</b>    | <b>-7,816,235</b>                  | <b>-13,913,043</b> | <b>-21,771,167</b> |

| General and Administrative Costs        | For the Period Ending September 30 |                   |                   |
|---|------------------------------------|-------------------|-------------------|
|   | 2025                               | 2024              | 2023              |
| Salaries and Wages                      | 5,778,535                          | 7,132,838         | 8,507,046         |
| Honorarium                              | 1,104,000                          | 3,740,000         | 8,147,500         |
| Transpo & Travel Expenses               | 275,169                            | 369,196           | 645,335           |
| Meals and Meeting Expenses              | 24,374                             | 0                 | 97,049            |
| Legal Fees                              | 395,000                            | 351,300           | 0                 |
| Ads & Mktg Expenses                     | 187,829                            | 182,812           | 252,237           |
| Repairs/Maintenance                     | 99,217                             | 83,919            | 54,174            |
| Rent Expenses                           | 75,412                             | 216,191           | 200,812           |
| Security Services                       | 97,054                             | 94,687            |                   |
| Taxes & Licenses                        | 46,276                             | 980,080           | 2,357,013         |
| 13th Month Pay Expense                  | 101,266                            | 137,311           | 102,669           |
| Stationeries & Office Supplies          | 66,474                             | 93,150            | 100,989           |
| Depreciation                            | 81,590                             | 102,861           | 100,965           |
| SSS, PHIC, HDMF Contributions           | 92,283                             | 132,575           | 178,379           |
| Communication, Light, Water Expenses    | 98,655                             | 110,426           | 77,789            |
| Professional Fees                       | 74,356                             | 90,725            | 722,874           |
| Fuel and Lubricants                     | 28,980                             | 33,835            | 65,617            |
| Postage & Courier Services              | 5,334                              | 3,755             | 4,235             |
| Bank Charges & Penalties and Surcharges | 6,948                              | 6,819             | 82,754            |
| Others                                  | 9,916                              | 26,014            | 0                 |
| Miscellaneous                           | 12,244                             | 25,519            | 76,877            |
|   | <b>8,660,912</b>                   | <b>13,914,013</b> | <b>21,774,314</b> |

**ACE MC GENSAN**  
Statement of Changes in Equity  
As at September 30, 2025

| Changes in Equity                      | Share Capital      | Share Premium      | Revaluation<br>Increment on<br>Land | Deficit             | Total              |
|--|--------------------|--------------------|-------------------------------------|---------------------|--------------------|
| <b>EQUITY</b>                          |                    |                    |                                     |                     |                    |
| As at January 1, 2021                  | 143,210,000        | 64,730,000         | 51,301,213                          | -37,759,922         | 221,481,291        |
| Share Capital                          | 6,940,000          |                    |                                     |                     | 6,940,000          |
| Proceeds from Subscriptions Receivable | 1,800,000          |                    |                                     |                     | 1,800,000          |
| Share Premium                          |                    | 105,563,501        |                                     |                     | 105,563,501        |
| Net Loss for the Year                  |                    |                    |                                     | -13,609,972         | -13,609,972        |
| As at December 31, 2021                | 151,950,000        | 170,293,501        | 51,301,213                          | -51,369,894         | 322,174,820        |
| Share Capital                          | 1,570,000          |                    |                                     |                     | 1,570,000          |
| Share Premium                          |                    | 55,741,216         |                                     |                     | 55,741,216         |
| Net Loss for the Year                  |                    |                    |                                     | -15,778,825         | -15,778,825        |
| As at December 31, 2022                | 153,520,000        | 226,034,717        | 51,301,213                          | -67,148,719         | 363,707,211        |
| Share Capital                          | 3,950,000          |                    |                                     |                     | 3,950,000          |
| Proceeds from Subscriptions Receivable |                    |                    |                                     | 9,561,572           | 9,561,572          |
| Share Premium                          |                    | 60,980,000         |                                     |                     | 60,980,000         |
| Net Loss for the Year                  |                    |                    |                                     | -21,013,924         | -21,013,924        |
| As at December 31, 2023                | 157,470,000        | 287,014,717        | 51,301,213                          | -78,601,071         | 417,184,859        |
| Share Capital                          | 5,600,000          |                    |                                     |                     | 5,600,000          |
| Proceeds from Subscriptions Receivable | 1,890,000          |                    |                                     |                     | 1,890,000          |
| Share Premium                          |                    | 22,222,766         |                                     |                     | 22,222,766         |
| Net Loss for the Year                  |                    |                    |                                     | -17,399,660         | -17,399,660        |
| As at December 31, 2024                | 164,960,000        | 309,237,483        | 51,301,213                          | -96,000,731         | 429,497,965        |
| Share Capital                          | 60,000             |                    |                                     |                     | 60,000             |
| Proceeds from Subscriptions Receivable | 3,925,000          |                    |                                     |                     | 3,925,000          |
| Share Premium                          |                    | 3,339,683          |                                     |                     | 3,339,683          |
| Net Loss for the Year                  |                    |                    |                                     | -7,816,235          | -7,816,235         |
| <b>As at September 30, 2025</b>        | <b>168,945,000</b> | <b>312,577,166</b> | <b>51,301,213</b>                   | <b>-103,816,966</b> | <b>429,006,413</b> |

**ACE MC GENSAN**  
**STATEMENTS OF CASH FLOW**  
September 30, 2025 and 2024

For the Period ended September 30

|  | 2025               | 2024               |
|--|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>  |                    |                    |
| Net Loss before taxes  | -7,816,235         | -13,913,043        |
| Adjustments to reconcile net loss before tax to net cash used in operating activities: |                    |                    |
| Depreciation   |                    |                    |
| Interest Income  | -575               | -970               |
| Operating cash flows before changes in working capital                                 | -7,816,810         | -13,914,013        |
| Changes in working capital components:   |                    |                    |
| Decrease (increase) in current assets:   |                    |                    |
| Other Receivables  | -371,619           | 6,982,776          |
| Prepayments  | 0                  | 0                  |
| Rental Deposits  | 0                  | 15,500             |
| Increase (decrease) in current liabilities:  |                    |                    |
| Accounts payable and other liabilities   | 7,289,834          | 11,740,844         |
| Net cash provided by/(used in) operations  | -898,595           | 4,825,107          |
| Interest received  | 575                | 970                |
| <b>Net cash provided by/(used in) operating activities</b>                             | <b>-898,020</b>    | <b>4,826,077</b>   |
| <b>Cash Flows from Investing Activities</b>  |                    |                    |
| Additions to construction in progress  | -16,807,976        | -35,433,710        |
| Additions to property and equipment (net)  | 77,390             | 2,361              |
| <b>Net cash used in investing activities</b>   | <b>-16,730,586</b> | <b>-35,431,349</b> |
| <b>Cash Flows from Financing Activities</b>  |                    |                    |
| Proceeds from (Payments of)Loans   | -4,285,840         | 0                  |
| Proceeds from (payment of) advances from shareholders                                  | 14,814,917         | 5,300,000          |
| Proceeds from Subscriptions receivable   |                    |                    |
| Issuance of share capital  | 3,985,000          | 6,572,250          |
| Additional paid-in Capital   | 3,339,684          | 17,699,503         |
| <b>Net cash provided by financing activities</b>                                       | <b>17,853,761</b>  | <b>29,571,753</b>  |
| Net increase (decrease) in Cash and Cash Equivalent                                    | 225,155            | -1,033,518         |
| Cash and Cash Equivalents, Beg.  | 1,200,394          | 4,140,404          |
| <b>Cash and Cash Equivalents, End</b>  | <b>1,425,549</b>   | <b>3,106,886</b>   |
|  | 1,425,549          | 3,106,886          |
|  | 0                  | -0                 |