

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Asian Hospital, Inc.
2205 Civic Drive, Filinvest Corporate City
Alabang, Muntinlupa City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Hospital, Inc. (a subsidiary of Metro Pacific Health Corporation) (the Company) which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



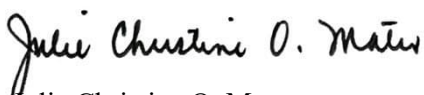
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Asian Hospital, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Julie Christine O. Mateo

Partner

CPA Certificate No. 93542

Tax Identification No. 198-819-116

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-068-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465357, January 2, 2025, Makati City

February 19, 2025



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,041,672,782	₱1,400,291,603
Receivables (Notes 5 and 23)	656,068,498	528,936,589
Inventories (Note 6)	160,810,671	178,621,082
Other current assets (Note 7)	59,112,602	51,813,712
Total Current Assets	1,917,664,553	2,159,662,986
Noncurrent Assets		
Property and equipment (Note 8)	5,973,333,650	4,036,275,297
Deferred income tax assets - net (Note 20)	134,715,009	117,264,124
Other noncurrent assets (Note 9)	178,884,334	80,899,491
Total Noncurrent Assets	6,286,932,993	4,234,438,912
TOTAL ASSETS	₱8,204,597,546	₱6,394,101,898
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 11, 13 and 23)	₱1,496,415,733	₱1,064,133,664
Income tax payable	169,003,543	95,298,555
Due to a related party (Note 23)	4,749,475	20,818,444
Total Current Liabilities	1,670,168,751	1,180,250,663
Noncurrent Liabilities		
Liability for purchased land - net of current portion (Note 11)	777,206,454	—
Lease liability - net of current portion (Notes 24 and 25)	117,165,163	—
Accrued retirement benefits liability - net (Note 19)	25,794,462	80,583,240
Total Noncurrent Liabilities	920,166,079	80,583,240
Total Liabilities	2,590,334,830	1,260,833,903
Equity		
Capital stock [held by 617 and 611 equity holders in 2024 and 2023, respectively] (Note 12)	1,936,289,876	1,935,520,327
Additional paid-in capital	185,465,780	185,465,780
Retained earnings (Note 12)	3,489,373,820	3,033,296,463
Other comprehensive gain (loss) - net of tax (Notes 9, 12 and 19)	3,133,240	(21,014,575)
Total Equity	5,614,262,716	5,133,267,995
TOTAL LIABILITIES AND EQUITY	₱8,204,597,546	₱6,394,101,898

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUE (Note 13)	₱5,331,884,568	₱4,462,448,455	₱3,701,553,463
COST OF SERVICES AND SALES (Note 14)	(3,077,861,632)	(2,564,833,097)	(2,220,472,075)
GROSS PROFIT	2,254,022,936	1,897,615,358	1,481,081,388
Operating expenses (Note 15)	(1,230,711,620)	(1,042,138,442)	(963,100,487)
Other operating income - net (Note 16)	89,144,331	63,658,301	91,268,010
OPERATING INCOME	1,112,455,647	919,135,217	609,248,911
Interest income (Notes 4 and 5)	25,413,454	20,876,268	4,477,770
Finance costs (Note 17)	(49,525,929)	(4,244,316)	(1,453,257)
INCOME BEFORE INCOME TAX	1,088,343,172	935,767,169	612,273,424
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)			
Current	309,154,862	232,015,020	136,496,847
Deferred	(25,500,157)	9,965,976	16,382,397
	283,654,705	241,980,996	152,879,244
NET INCOME	804,688,467	693,786,173	459,394,180
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of taxes (Notes 9, 12 and 19)	24,147,815	(20,016,329)	(16,223,054)
TOTAL COMPREHENSIVE INCOME	₱828,836,282	₱673,769,844	₱443,171,126
BASIC/DILUTED EARNINGS PER SHARE (Note 26)	₱0.4155	₱0.3582	₱0.2372

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.

(A Subsidiary of Metro Pacific Health Corporation)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock (Note 12)	Additional Paid-in Capital	Retained Earnings (Note 12)	Other Comprehensive Income (Loss) - net of tax (Notes 9, 12 and 18)	Total
BALANCES AT DECEMBER 31, 2021	₱1,934,032,691	₱185,465,780	₱2,543,445,584	₱15,224,808	₱4,678,168,863
Application of dividends against subscriptions receivable (Note 12)	712,328	–	–	–	712,328
Net income	–	–	459,394,180	–	459,394,180
Other comprehensive loss (Notes 9, 12 and 19)	–	–	–	(16,223,054)	(16,223,054)
Total comprehensive income (loss)	–	–	459,394,180	(16,223,054)	443,171,126
Total before dividend declaration	1,934,745,019	185,465,780	3,002,839,764	(998,246)	5,122,052,317
Cash dividends (Note 12)	–	–	(317,623,456)	–	(317,623,456)
BALANCES AT DECEMBER 31, 2022	1,934,745,019	185,465,780	2,685,216,308	(998,246)	4,804,428,861
Application of dividends against subscriptions receivable (Note 12)	775,308	–	–	–	775,308
Net income	–	–	693,786,173	–	693,786,173
Other comprehensive loss (Notes 9, 12 and 19)	–	–	–	(20,016,329)	(20,016,329)
Total comprehensive income (loss)	–	–	693,786,173	(20,016,329)	673,769,844
Total before dividend declaration	1,935,520,327	185,465,780	3,379,002,481	(21,014,575)	5,478,974,013
Cash dividends (Note 12)	–	–	(345,706,018)	–	(345,706,018)
BALANCES AT DECEMBER 31, 2023	1,935,520,327	185,465,780	3,033,296,463	(21,014,575)	5,133,267,995
Application of dividends against subscriptions receivable (Note 12)	769,549	–	–	–	769,549
Net income	–	–	804,688,467	–	804,688,467
Other comprehensive income (Notes 9, 12 and 19)	–	–	–	24,147,815	24,147,815
Total comprehensive income	–	–	804,688,467	24,147,815	828,836,282
Total before dividend declaration	1,936,289,876	185,465,780	3,837,984,930	3,133,240	5,962,873,826
Cash dividends (Note 12)	–	–	(348,611,110)	–	(348,611,110)
BALANCES AT DECEMBER 31, 2024	₱1,936,289,876	₱185,465,780	₱3,489,373,820	₱3,133,240	₱5,614,262,716

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,088,343,172	₱935,767,169	₱612,273,424
Adjustments for:			
Depreciation and impairment loss (Notes 8 and 9)	438,284,519	378,256,083	365,757,138
Interest expense (Notes 17, 19 and 24)	49,163,656	3,757,778	1,126,169
Provision for expected credit losses (Notes 5 and 15)	61,615,452	125,556	–
Interest income (Notes 4 and 5)	(25,413,454)	(20,876,268)	(4,477,770)
Amortization of software and licenses (Note 9)	22,251,873	15,658,097	12,966,263
Retirement benefits cost (Notes 18 and 19)	16,631,334	11,114,159	9,568,309
Provision for inventory obsolescence (Note 6)	6,646,857	6,006,172	2,930,727
Unrealized foreign exchange loss (gain) - net	(2,759,401)	1,637,246	(14,159,125)
Loss/(gain) on disposal of property and equipment (Notes 8 and 16)	948,397	(1,045,277)	61,179
Operating income before working capital changes and provisions	1,655,712,405	1,330,400,715	986,046,314
Decrease (increase) in:			
Receivables	(189,417,827)	(161,695,898)	1,291,399
Inventories	11,163,554	(20,470,458)	64,460,317
Other current assets	(7,298,890)	(16,783,565)	(5,497,133)
Increase (decrease) in:			
Accounts payable and other current liabilities	(29,426,170)	166,346,140	100,596,096
Due to a related party	(16,068,969)	10,526,276	(1,872,894)
Cash generated from operations	1,424,664,103	1,308,323,210	1,145,024,099
Interest received	25,413,454	20,876,268	4,477,770
Contribution to the retirement fund and benefits paid (Note 19)	(43,283,827)	(13,763,221)	(14,070,493)
Income taxes paid, including creditable withholding tax	(235,449,873)	(182,616,467)	(156,770,179)
Net cash from operating activities	1,171,343,857	1,132,819,790	978,661,197
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 25)	(1,038,891,677)	(374,892,689)	(332,442,329)
Software and licenses (Notes 9 and 25)	(26,480,169)	(20,025,502)	(31,140,462)
Proceeds from disposal of property and equipment (Note 8)	164,338	2,973,889	1,432,661
Decrease (increase) in:			
Advances to contractors	(95,284,354)	(6,165,805)	20,884,930
Other noncurrent assets	(20,585)	(88,582)	(152,807)
Net cash used in investing activities	(1,160,512,447)	(398,198,689)	(341,418,007)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of:			
Dividends (Notes 12 and 25)	(347,841,561)	(344,930,710)	(316,911,128)
Lease liability (Note 24)	(25,038,537)	(4,159,375)	(4,235,000)
Interest (Note 10)	–	–	(17,223)
Cash used in financing activities	(372,880,098)	(349,090,085)	(321,163,351)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	3,429,867	(2,508,635)	14,603,406
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(358,618,821)	383,022,381	330,683,245
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,400,291,603	1,017,269,222	686,585,977
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,041,672,782	₱1,400,291,603	₱1,017,269,222

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

Asian Hospital, Inc. (AHI or the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 12, 1994. Its primary purpose is to operate and manage tertiary hospitals and other allied undertakings and services.

In 2012, a mandatory tender offer for the 43.50% stake held by the Company's non-controlling investors was launched by the Company's former parent, Metro Pacific Investments Corporation (MPIC). The mandatory tender offer was completed on April 19, 2012. Correspondingly, Metro Pacific Health Corporation (MPHC, formerly Metro Pacific Hospital Holdings, Inc.), a former subsidiary of MPIC, and a non-controlling investor of AHI, exercised its Right of First Refusal and purchased an additional 27.98% stake in the Company from other non-controlling investors.

On May 20, 2014, MPHC acquired from MPIC additional shares in AHI which resulted to an increase in MPHC's ownership in AHI to 58.1%. In addition, MPHC also acquired 100% of the outstanding capital stock of Bumrungrad International Philippines, Inc. (BIPI) on July 1, 2014. BIPI has legal and beneficial ownership in AHI of 27.5%. As at December 31, 2024, MPHC effectively owns 85.6% of AHI.

MPHC is incorporated in the Philippines and its registered office address is 5th Floor Tower 1, Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City. On September 14, 2022, MPHC filed for an amendment in its articles of incorporation to change its corporate name from Metro Pacific Hospital Holdings, Inc. to MPHC. On February 10, 2023, the SEC approved the amendment.

The registered business address of the Company is 2205 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

Authorization for Issuance of Financial Statements

The financial statements were authorized for issue by the Board of Directors (BOD) on February 19, 2025.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine Peso (Peso), which is the Company's functional and presentation currency, and all values are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

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



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral 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.

Standards Issued but not yet Effective

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

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, *Lessee 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*

Financial Instruments: Financial Assets

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. As at December 31, 2024 and 2023, the Company's financial assets at amortized cost includes cash in bank and cash equivalents, receivables and refundable deposits included under "Other noncurrent assets" in the statements of financial position (see Notes 4, 5 and 9).

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 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 profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in Other Comprehensive Income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity investments under this category as the Company considers these investments to be strategic in nature.

As at December 31, 2024 and 2023, the Company's financial assets at FVOCI includes investment in shares included under "Other noncurrent assets" in the statements of financial position (see Note 9).

Impairment of financial assets

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 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.



The Company considers a financial asset in default when contractual payments are 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 cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Instruments: Financial Liabilities

Financial liabilities at amortized cost

This is the category most relevant to the Company. As of December 31, 2024, and 2023, the Company's accounts payable and other current liabilities (excluding statutory payables, current portion of liability for purchased land, current portion of lease liability and contract liabilities) and due to a related party are classified under this category (see Notes 10 and 23).

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using weighted average method for medicines and medical supplies. NRV is the estimated selling price less the estimated costs necessary to make the sale.

Property and Equipment

The cost of an item of property and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any costs directly attributable in bringing the asset to its working condition and location for its intended use.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Buildings	40
Building equipment	15 to 25
Building improvements	5
Medical equipment and instruments	2 to 20
Hospital furniture, fixtures and equipment	3 to 20
Office furniture and equipment	5 to 20

Construction in progress and equipment for installation are stated at cost less any impairment in value. These include cost of construction, equipment, borrowing costs and other direct costs.

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. The Company classifies right-of-use assets as property and equipment.



Software and Licenses

Following initial recognition, software and licenses, which are included under “Other noncurrent assets”, are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over its estimated useful life of five (5) years.

Investment Properties

Investment properties, pertaining to a condominium unit, included under “Other noncurrent assets” in the statement of financial position, are measured initially at cost, including transaction costs.

Subsequent to initial recognition, it is stated at cost less accumulated depreciation and any impairment in value.

Depreciation on the investment property is calculated using the straight-line method over the estimated useful life of twenty-five (25) years.

Revenue Recognition

The Company has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Patient service revenue

Patient service revenue qualifies for revenue recognition over time under paragraph 35(a) of PFRS 15 because the patient simultaneously receives and consumes the benefits provided by the Company’s performance as the Company performs. The Company elects to use the right to invoice practical expedient in recognizing revenue because the Company has a right to consideration from the patient in an amount that corresponds directly with the value to the patient of the Company’s performance completed to date. Payment is due once the Company satisfies its performance obligation except for certain corporate customers which are allowed to settle the payment within 30-90 days.

Pharmacy sales

The Company assessed pharmacy sales to be either combined as one performance obligation with the healthcare services if the medicines are part of a series of distinct goods and services which cannot be separately identified or as a separate performance obligation if the patient can benefit solely from the goods, are readily available to the patient and separately identifiable from other goods and services of the Company. In the former case, pharmacy sales shall have the same measure of progress as the inpatient service revenue (i.e., over time) while in the latter, revenue shall be recognized as these are sold outright (i.e., point in time).

In determining the transaction price for the sale of healthcare services and goods, the Company considers the effects of any variable consideration such as discounts, rebates and implicit price concession. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other income

The Company applies guidance in the revenue standard related to the transfer of control and measurement of the transaction price, including the constraint on variable consideration, to evaluate the timing and amount of the gain or loss recognized. Included in “Other operating income” are rental income (see accounting policy section on *Leases*), foreign exchange gain, parking fees and other incidental gain/income.



Leases

A lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent measurement of the contract on the basis of their stand-alone selling prices.

The Company as a lessee

The Company has certain leases of machineries, office spaces and equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the “short-term lease” and “lease of low-value assets” recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income under operating leases is accounted for in accordance with the terms of the leases and generally on a straight-line basis and is included under “Other operating income” in the statement of comprehensive income.

3. Management’s Use of Material Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the financial statements as they become reasonably determinable.

Judgments

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 effects on amounts recognized in the financial statements:

Determination of whether the Company is acting as principal or agent

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal on all of its revenue arrangements because the Company is the primary obligor who is responsible for providing the services to the patients and the Company bears the credit risk. The Company presents its revenues from pharmacy and hospital services, net of applicable discounts.



The Company as a lessee

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment. It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.3 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

The Company has entered into commercial property leases on its investment property and concessionaire agreements with various business entities on certain areas of its building. The Company has determined that it retains all the significant risks and rewards of ownership of its investment property and certain areas of its building which are leased out on operating leases. Contingent rents are recognized as income in the period in which they are earned.

Accounting Estimates and Assumptions

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

Estimating the incremental borrowing rate (PFRS 16)

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The present value of the lease payments is determined using the discount rate representing the interest rate implicit in the lease, or the lessee's incremental borrowing rate, if that rate cannot be readily determined. The Company assessed the incremental borrowing rate based on the interest rate that the Company would have to pay over the similar lease term, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rates used on new leases as at December 31, 2024 ranged from 5.93% to 6.78%.

Provision for ECL of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information.



At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

In its ECL model, the Company relies on a broad range of forward-looking information as economic inputs such as gross domestic product and inflation. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Provision for ECL amounted to ₱61.6 million, ₱0.1 million and nil in 2024, 2023 and 2022, respectively (see Note 15). Receivables, net of allowance for ECL, amounted to ₱656.1 million and ₱528.9 million as at December 31, 2024 and 2023, respectively (see Note 5).

Estimation of allowance for inventory losses

Provisions are made for expired and slow-moving medicines and medical supplies pending disposal. Medicines and medical supplies, net of allowance for inventory losses, amounted to ₱160.8 million and ₱178.6 million as at December 31, 2024 and 2023, respectively. Inventory write-off amounted to ₱5.8 million and ₱4.2 million for the year December 31, 2024 and 2023, respectively (see Note 6).

Provision for inventory obsolescence amounted to ₱6.6 million, ₱6.0 million and ₱2.9 million in 2024, 2023 and 2022, respectively (see Notes 6 and 14).

Estimation of impairment of property and equipment, right-of-use asset, investment properties, and software and licenses

The Company assesses the impairment of property and equipment, right-of-use asset, investment properties, and software and licenses whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and value-in-use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

No impairment loss was recognized on property and equipment, including right-of-use asset, investment properties, and software and licenses in 2024, 2023 and 2022 (see Notes 8 and 9). Accumulated impairment losses on property and equipment amounted to ₱0.2 million and ₱0.1 million as at December 31, 2024 and 2023, respectively (see Note 8).

As at December 31, 2024, the carrying values of property and equipment, investment properties, and software and licenses amounted to ₱5,973.3 million, ₱1.8 million and ₱31.7 million, respectively, while their carrying values as at December 31, 2023 amounted to ₱4,036.3 million, ₱2.0 million and ₱28.8 million, respectively (see Notes 8 and 9).



Recognition of deferred income tax assets

The Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Management recognized deferred income tax assets amounting to ₱138.2 million and ₱118.3 million as at December 31, 2024 and 2023, respectively, because management expects to realize their benefits in the future (see Note 20).

Estimation of retirement benefits cost

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, accrued retirement benefits liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Net retirement benefit cost recognized in profit or loss amounted to ₱16.6 million, ₱11.1 million and ₱9.6 million in 2024, 2023 and 2022, respectively, while net interest expense from retirement benefit cost amount to ₱4.1 million, ₱3.5 million and ₱0.9 million in 2024, 2023 and 2022, respectively (see Notes 18 and 19). Actuarial gain on accrued retirement benefits liability, net of tax recognized in OCI amounted to ₱24.1 million in 2024 and actuarial loss on accrued retirement benefits liability, net of tax, recognized in OCI amounted to ₱20.2 million and ₱16.2 million in 2023 and 2022, respectively (see Note 19). As at December 31, 2024 and 2023, accrued retirement benefits liability amounted to ₱25.8 million and ₱80.6 million, respectively (see Note 19).

Contingencies

The Company is a party in various lawsuits, the outcome of which is presently undeterminable. All such cases are in the normal course of business and are not deemed to be considered as material legal proceedings. Further, these cases are either pending in courts or under protest, the outcome of which are not presently determinable. Management and its legal counsel believe that the liability, if any, that may result from the outcome of these litigations and claims will not materially affect their financial position or performance.

4. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	₱728,531,798	₱752,262,688
Time deposit	313,140,984	648,028,915
	₱1,041,672,782	₱1,400,291,603



Cash and cash equivalents include cash in banks and temporary placements that are made for varying periods up to three months depending on the immediate cash requirements of the Company. Cash in banks earn interest at the prevailing bank rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱24.7 million, ₱20.5 million and ₱3.8 million in 2024, 2023 and 2022, respectively.

5. Receivables

	2024	2023
Trade:		
Health maintenance organizations (HMO) Philippine Health Insurance Corporation (PhilHealth)	₱238,718,074	₱226,675,143
Self-pay	227,057,401	187,695,948
Corporate accounts	190,384,205	151,826,045
International insurance	92,909,097	96,638,348
Unbilled charges	77,727,037	56,607,635
Others	83,710,573	30,367,430
Nontrade	22,122,820	5,547,589
	19,085,830	40,903,693
	951,715,037	796,261,831
Less allowance for ECL	295,646,539	267,325,242
	₱656,068,498	₱528,936,589

Unbilled charges pertain to receivables from undischarged patients for services already rendered but not yet billed.

The Company's outstanding trade receivables from related parties amounted to ₱17.2 million and ₱47.3 million as at December 31, 2024 and 2023, respectively (see Note 23).

Interest income earned from late payment charges totaled ₱0.7 million, ₱0.4 million and ₱0.7 million in 2024, 2023 and 2022, respectively.

Movements in the allowance for ECL follow:

	2024	2023
Beginning balances	₱267,325,242	₱328,221,321
Provision for ECL (Note 15)	61,615,452	125,556
Write off	(33,294,155)	(61,021,635)
Ending balances	₱295,646,539	₱267,325,242

Accounts provided with allowance were evaluated on a continuous basis and specifically identified by management on the basis of factors that affect the collectability of each account.



6. Inventories

	2024	2023
At Cost:		
Medicines	₱73,080,515	₱74,753,601
Medical supplies	98,019,490	113,340,843
	171,100,005	188,094,444
Less allowance for inventory obsolescence	10,289,334	9,473,362
	₱160,810,671	₱178,621,082

The cost of medicines and medical supplies carried at net realizable value amounted to ₱10.3 million and ₱9.5 million as at December 31, 2024 and 2023, respectively. All inventories carried at net realizable value were fully provided with allowance.

Movements in the allowance for inventory obsolescence accounts follow:

	2024	2023
Beginning balance	₱9,473,362	₱7,663,170
Provision for inventory obsolescence (Note 14)*	6,646,857	6,006,172
Write off	(5,830,885)	(4,195,980)
	₱10,289,334	₱9,473,362

**Presented as "Others - net" under "Cost of Services and Sales".*

7. Other Current Assets

	2024	2023
Prepaid expenses	₱39,907,050	₱36,667,090
Creditable withholding tax (CWT)	19,205,552	15,146,622
	₱59,112,602	₱51,813,712

Prepaid expenses mainly pertain to advance payments for subscription, advertising and insurance.

CWT represents amount withheld by counterparty for services rendered by the Company which can be claimed as tax credits.



8. Property and Equipment

As at December 31, 2024:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture, Fixtures and Equipment	Office Furniture and Equipment	Right-of-use Asset	Construction in Progress and Equipment for Installation	Total
Cost										
Beginning balances	₱506,088,432	₱3,370,679,198	₱1,193,857,769	₱280,860,373	₱2,690,873,213	₱569,054,260	₱112,785,183	₱17,478,693	₱123,291,539	₱8,864,968,660
Additions	1,572,632,703	–	10,328,707	14,038,178	277,400,358	43,217,394	8,745,036	169,282,387	281,252,782	2,376,897,545
Reclassifications	–	148,113,885	11,211,000	–	107,000,000	–	–	–	(266,324,885)	–
Disposals	–	–	–	–	(55,582,047)	(38,681,885)	(9,936,463)	–	–	(104,200,395)
Ending balances	2,078,721,135	3,518,793,083	1,215,397,476	294,898,551	3,019,691,524	573,589,769	111,593,756	186,761,080	138,219,436	11,137,665,810
Accumulated Depreciation										
Beginning balances	–	1,144,348,862	744,453,121	258,293,689	2,106,494,506	461,038,396	98,905,386	15,041,003	–	4,828,574,963
Depreciation (Notes 14 and 15)	–	94,451,799	52,107,099	7,491,739	209,920,437	41,180,127	8,429,951	24,538,414	–	438,119,566
Disposals	–	–	–	–	(53,975,978)	(38,674,463)	(9,871,911)	–	–	(102,522,352)
Ending balances	–	1,238,800,661	796,560,220	265,785,428	2,262,438,965	463,544,060	97,463,426	39,579,417	–	5,164,172,177
Accumulated Impairment Losses										
Beginning balances	–	–	–	–	16,329	6,221	137,433	–	–	159,983
Ending balances	–	–	–	–	–	–	–	–	–	–
Net Book Value	₱2,078,721,135	₱2,279,992,422	₱418,837,256	₱29,113,123	₱757,236,230	₱110,039,488	₱13,992,897	₱147,181,663	₱138,219,436	₱5,973,333,650

As at December 31, 2023:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture, Fixtures and Equipment	Office Furniture and Equipment	Right-of-use Asset	Construction in Progress and Equipment for Installation	Total
Cost										
Beginning balances	₱506,088,432	₱3,316,316,090	₱1,169,299,848	₱266,692,410	₱2,498,014,342	₱524,294,024	₱107,734,473	₱17,478,693	₱–	₱8,405,918,312
Additions	–	–	19,464,000	14,167,963	220,706,616	54,896,287	6,108,474	–	182,748,568	498,091,908
Reclassifications	–	54,363,108	5,093,921	–	–	–	–	–	(59,457,029)	–
Disposals	–	–	–	–	(27,847,745)	(10,136,051)	(1,057,764)	–	–	(39,041,560)
Ending balances	506,088,432	3,370,679,198	1,193,857,769	280,860,373	2,690,873,213	569,054,260	112,785,183	17,478,693	123,291,539	8,864,968,660
Accumulated Depreciation										
Beginning balances	–	1,053,202,909	693,697,256	253,141,853	1,958,138,559	424,408,710	93,045,387	10,862,107	–	4,486,496,781
Depreciation (Notes 14 and 15)	–	91,145,953	50,755,865	5,151,836	174,636,101	45,306,916	6,915,563	4,178,896	–	378,091,130
Disposals	–	–	–	–	(26,280,154)	(8,677,230)	(1,055,564)	–	–	(36,012,948)
Ending balances	–	1,144,348,862	744,453,121	258,293,689	2,106,494,506	461,038,396	98,905,386	15,041,003	–	4,828,574,963
Accumulated Impairment Losses										
Beginning balances	–	–	–	–	10,983	3,884	103,533	–	–	118,400
Ending balances	–	–	–	–	–	–	–	–	–	–
Net Book Value	₱506,088,432	₱2,226,330,336	₱449,404,648	₱22,566,684	₱584,367,724	₱108,011,980	₱13,776,264	₱2,437,690	₱123,291,539	₱4,036,275,297



On August 15, 2024, the Company acquired a 3,839 square meter parcel of land from Filinvest Alabang, Inc. for a total purchase price of ₱1,572.6 million, payable in four installments starting August 2024 until June 2027. The Company recognized the cost of the purchased land at its cash price equivalent and also capitalized VAT and registration and miscellaneous fees amounting to ₱40.4 million. Total liability for purchased land at amortized cost as at December 31, 2024 amounted to ₱1,209.2 million (see Note 11).

The Company disposed some items of property and equipment in 2024, 2023 and 2022. Transactions are as follows:

	2024	2023	2022
Net book value	₱1,678,043	₱3,028,612	₱1,583,125
Less: Proceeds	164,338	2,973,889	1,432,661
Trade-in value	565,308	1,100,000	89,285
Loss (gain) on disposals	₱948,397	(₱1,045,277)	₱61,179

Trade-in value received by the Company upon sale of property and equipment was included as part of the additions in property and equipment.

9. Other Noncurrent Assets

	2024	2023
Advances to contractors	₱119,002,369	₱23,718,015
Software and licenses	31,693,447	28,848,590
Financial assets at FVOCI	19,668,000	19,668,000
Refundable deposits	6,678,555	6,657,970
Investment property	1,841,963	2,006,916
	₱178,884,334	₱80,899,491

- a. Advances to contractors pertains to advance payments to suppliers. These advances will be applied as payment for assets to be classified as property and equipment. The increase in 2024 resulted from the Company's advance payments for acquisition of medical equipment and renovation projects.
- b. Software and licenses as at December 31 follow:

	2024	2023
Cost		
Beginning balances	₱208,642,733	₱187,880,357
Additions	25,096,730	21,552,376
Retirement	-	(790,000)
Ending balances	233,739,463	208,642,733
Accumulated Amortization		
Beginning balances	179,794,143	164,377,435
Amortization (Notes 14 and 15)	22,251,873	15,658,097
Retirement	-	(241,389)
Ending balances	202,046,016	179,794,143
Net Book Value	₱31,693,447	₱28,848,590



- c. Movement in the carrying values of financial assets at FVOCI as at December 31 are as follows:

	2024	2023
Beginning balance	₱19,668,000	₱17,168,000
Unrealized gain on changes in fair value	–	2,500,000
Ending balance	₱19,668,000	₱19,668,000

Movement in the unrealized gain on changes in fair value of financial assets at FVOCI as at December 31 are as follows:

	2024	2023
Beginning balance	₱17,035,000	₱14,535,000
Unrealized gain on changes in fair value	–	2,500,000
Ending balance (Note 12)	₱17,035,000	₱17,035,000

- d. As at December 31, 2024, and 2023, refundable deposits consist of Meralco deposit equivalent to an estimated one-month billing and a meter deposit made in 2001 for the installation of electricity lines in the Hospital buildings.
- e. Investment property consists of a condominium unit as at December 31:

	2024	2023
Cost	₱4,123,808	₱4,123,808
Accumulated Depreciation		
Beginning balances	2,116,892	1,951,939
Depreciation (Note 15)	164,953	164,953
Ending balances	2,281,845	2,116,892
Net Book Value	₱1,841,963	₱2,006,916

The fair value of the investment property cannot be determined as there is no recent market transaction for these investments. No impairment loss was recognized on investment property in 2024, 2023 and 2022.

The investment property generated rental income amounting to ₱0.7 and incurred operating expenses amounting to ₱0.1 million in 2024, 2023 and 2022.

10. Accounts Payable and Other Current Liabilities

	2024	2023
Trade accounts payable	₱483,898,137	₱558,009,289
Current portion of liability for purchased land (Note 11)	431,985,309	–
Accrued expenses	328,140,960	281,194,450
Accrued physician fees	112,815,103	109,948,335
Statutory payables	36,737,847	35,815,577
Current portion of lease liability (Note 24)	33,271,165	2,164,796
Retention payable	23,303,407	8,479,106
Contract liabilities (Note 13)	16,327,044	12,036,019
Refund payable	8,267,831	11,271,915
Others	21,668,930	45,214,177
	₱1,496,415,733	₱1,064,133,664



- a. Trade payables include unpaid billings of suppliers and contractors. The trade suppliers generally provide 7, 15 or 30-day terms to the Company. Prompt payment discounts of 1%, 1.25%, 1.5%, 2%, 3% and 5% are given by a number of trade suppliers.

Related party balances included in “Trade accounts payable” and “Accrued expenses” amounted to ₱41.6 million and ₱54.9 million as at December 31, 2024 and 2023, respectively (see Note 23).

- b. Accrued expenses include accruals for various expenses used in the operations of the Company which are normally settled within the next twelve months. Details of accrued expenses as at December 31 are as follows.

	2024	2023
Personnel	₱111,603,355	₱90,973,336
Outside services	37,779,018	34,677,369
Cost of medical supplies	34,768,473	25,602,318
Professional fees	32,690,053	31,299,566
Rebates	27,614,547	17,459,079
Maintenance	20,841,778	13,395,012
Utilities	18,702,729	19,389,763
General expenses	8,205,661	7,904,867
Rent	2,713,881	2,395,989
Others	33,221,465	38,097,151
	₱328,140,960	₱281,194,450

Rebates pertain to prompt payment discount and volume discount given by the Hospital to HMO on which underlying conditions imposed by the former have been met by the latter. The increase in rebate in 2024 is due from the increase in revenue and HMO rates.

- c. Physician fees pertain to professional fees, payable to its physicians and being remitted upon collection of the related receivables from patients. The Company is a party under a ‘pass-through’ arrangement wherein it acts as a collecting agent from patients and remits professional fees to its physicians upon collection of the related receivables.
- d. Statutory payables pertain to withholding taxes payable on compensation and professional fees, contributions to Social Security System, PhilHealth and Pag-IBIG, and VAT payable which are normally settled within the next twelve months.
- e. Retention payable pertains to the 10% of progress billings related to the construction of the fit-outs to be paid upon satisfactory completion of the construction which are normally settled within the next twelve months. The increase in 2024 is mainly due to new contracts entered into by the Company for the construction and renovation of the Hospital.
- f. Contract liabilities pertain to advances received from patients before they are admitted which can be redeemed upon discharge. These are normally settled within the next twelve months (see Note 13).
- g. Refund payable pertains to payments received by the Company in excess of the final invoice amount which are normally settled within the next twelve months.
- h. Others represent deposits and advances from employees and other officers, among others, which are normally settled within the next twelve months.



11. Liability for Purchased Land

The liability for purchased land entered in 2024 is recognized at amortized cost, reflecting the present value of future payments using the effective interest rate of 6.05%. Total accrued interest recognized in 2024 amounted to ₱38.0 million presented as interest expense on liability for purchased land under “Finance Costs” (Note 17).

Repayment of the undiscounted installment payments is scheduled as follows:

Payment Due Date	
April 15, 2025	₱475,504,884
June 15, 2026	450,773,410
June 15, 2027	447,264,721
	₱1,373,543,015

12. Equity

Capital Stock

	Number of Shares	
	2024	2023
Authorized - ₱1 par value	2,000,000,000	2,000,000,000
Issued and subscribed	1,936,728,391	1,936,728,391

Subscription receivable

Movement of subscription receivable as at December 31 are as follows:

	2024	2023	2022
Beginning balance	₱1,208,064	₱1,983,372	₱2,695,700
Application of dividends against subscription receivable (see Note 25)	(769,549)	(775,308)	(712,328)
Ending balance	₱438,515	₱1,208,064	₱1,983,372

Retained Earnings

As at December 31, 2024 the Company’s unappropriated retained earnings exceeded its paid-in capital. The Company plans to declare its excess retained earnings over paid-in capital as at December 31, 2024 as cash dividends in 2025.

Details of the Company’s cash dividend declarations are as follows:

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
April 30, 2024	May 13, 2024	May 27, 2024	₱0.180	1,936,728,391	₱348,611,110
BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
May 2, 2023	May 12, 2023	May 26, 2023	₱0.1190	1,936,728,391	₱230,470,679
November 20, 2023	December 1, 2023	December 11, 2023	0.0595	1,936,728,391	115,235,339
					₱345,706,018



BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
May 2, 2022	May 12, 2022	May 27, 2022	₱0.082	₱1,936,728,391	₱158,811,728
December 1, 2022	December 12, 2022	December 21, 2022	0.082	1,936,728,391	158,811,728
					₱317,623,456

Other Comprehensive Income (Loss) - net

Accumulated other comprehensive income (loss) presented in the statements of financial position as at the years ended consists of the following, net of applicable income taxes:

	2024	2023	2022
Actuarial loss in accrued retirement benefits liability	(₱13,901,760)	(₱38,049,575)	(₱15,533,246)
Unrealized gain on changes in fair value	17,035,000	17,035,000	14,535,000
	₱3,133,240	(₱21,014,575)	(₱998,246)

13. Revenue

Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31.

	2024	2023	2022
By source			
Patient service revenue	₱5,084,009,235	₱4,237,897,180	₱3,542,489,597
Pharmacy sales	959,459,107	815,241,197	643,269,320
Discounts	(711,583,774)	(590,689,922)	(484,205,454)
	₱5,331,884,568	₱4,462,448,455	₱3,701,553,463

	2024	2023	2022
By customers			
Inpatient	₱3,511,680,038	₱2,923,546,664	₱2,345,647,918
Outpatient	2,531,788,304	2,129,591,713	1,840,110,999
Gross revenue	6,043,468,342	5,053,138,377	4,185,758,917
Discounts	(711,583,774)	(590,689,922)	(484,205,454)
	₱5,331,884,568	₱4,462,448,455	₱3,701,553,463

Contract Balances

The Company's trade receivables amounted to ₱932.6 million and ₱755.4 million as at December 31, 2024 and 2023, respectively (see Note 5).

Contract liabilities include deposits received from patients, amounting to ₱16.3 million and ₱12.0 million as at December 31, 2024 and 2023, respectively (see Note 10). Revenue recognized from contract liabilities included in 2024 and 2023 amounted to ₱12.1 million and ₱9.4 million, respectively.



14. Cost of Services and Sales

	2024	2023	2022
Personnel costs (Note 18)	₱628,509,480	₱481,565,745	₱358,302,427
Medical supplies	582,472,087	627,241,305	604,530,677
Professional fees and outside services	415,278,734	267,423,883	212,941,821
Reader's fee	341,136,303	276,087,436	234,843,174
Depreciation (Notes 8 and 9)	234,583,641	199,210,884	191,425,089
Communication, light and water (Note 23)	119,316,426	121,281,767	145,146,844
Repairs and maintenance	62,943,436	41,731,336	33,353,764
Patient meals	58,070,449	46,870,315	35,450,177
Supplies	38,537,539	29,835,372	22,189,509
Rent (Note 24)	14,508,857	12,424,272	8,895,938
Amortization of software and licenses (Note 9)	5,457,431	3,840,260	2,891,050
Others - net (Note 6)	53,787,433	41,113,053	23,785,822
Cost of services	2,554,601,816	2,148,625,628	1,873,756,292
Cost of sales - Pharmacy	523,259,816	416,207,469	346,715,783
	₱3,077,861,632	₱2,564,833,097	₱2,220,472,075

15. Operating Expenses

	2024	2023	2022
Personnel costs (Note 18)	₱411,562,320	₱370,301,278	₱332,157,222
Depreciation (Notes 8 and 9)	203,700,878	179,045,199	174,332,049
Professional fees and outside services (Note 23)	159,690,772	146,261,288	167,948,443
Repairs and maintenance	95,067,788	87,933,777	68,100,295
Provision for ECL (Note 5)	61,615,452	125,556	-
Communication, light and water (Note 23)	55,552,654	52,327,530	57,091,281
Taxes and licenses	49,972,828	53,687,935	33,962,148
Supplies	28,940,437	22,067,355	18,760,743
Advertising	27,180,736	21,178,473	9,566,577
Entertainment, amusement and recreation	18,152,743	16,924,927	19,719,849
Insurance	17,969,683	15,492,823	15,285,504
Amortization of software and licenses (Note 9)	16,794,442	11,817,837	10,075,213
Transportation and travel	14,275,810	14,516,903	11,500,399
Rent (Note 24)	9,361,794	9,482,858	8,746,456
Others	60,873,283	40,974,703	35,854,308
	₱1,230,711,620	₱1,042,138,442	₱963,100,487

Others pertain to credit card commission expense, maintenance dues and contributions and donations, among others.



16. Other Operating Income - Net

	2024	2023	2022
Rent income (Note 24)	₱34,062,066	₱19,354,904	₱12,370,622
Foreign exchange gain - net	7,890,712	5,139,745	23,949,325
Gain (loss) on disposal of property and equipment (Note 8)	(948,397)	1,045,277	(61,179)
Recovery of impairment loss on property and equipment	(41,582)	-	1,164,973
Others	48,181,532	38,118,375	53,844,269
	₱89,144,331	₱63,658,301	₱91,268,010

Others pertain to other income from hospital services such as Nursing Training and Health Research Office, among others.

17. Finance Costs

	2024	2023	2022
Interest expense on liability for purchased land (Note 11)	₱37,977,185	₱-	₱-
Interest expense on lease liability (Note 24)	7,125,670	216,029	172,716
Net interest from retirement benefits cost (Note 19)	4,060,801	3,541,749	936,230
Bank charges	362,273	486,538	344,311
	₱49,525,929	₱4,244,316	₱1,453,257

18. Personnel Costs

	2024	2023	2022
Salaries and wages (Notes 14 and 15)	₱1,023,440,466	₱840,752,864	₱680,891,340
Retirement benefits cost (Note 19)	16,631,334	11,114,159	9,568,309
	₱1,040,071,800	₱851,867,023	₱690,459,649



19. Retirement Benefits

The Company has a non-contributory retirement plan which provides retirement benefit equal to one hundred percent (100%) of plan salary for every year of credited service of qualified employees, not less than the regulatory benefit under the Retirement Pay Law (Republic Act No. 7641). The retirement plan trustee, as appointed by the Company in the trust agreement executed between the Company and the duly appointed retirement plan trustee, is responsible for the general administration of the retirement plan and the management of the retirement fund. The retirement plan trustee may seek the advice of counsel and appoint the investment managers to manage the retirement fund, an independent accountant to audit the fund and an actuary to value the retirement fund.

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income						
	January 1, 2024	Current		Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal	December 31, 2024
		Service Cost*	Net Interest**								
Present value of defined benefit obligation	₱181,686,451	₱16,631,334	₱11,918,631	₱28,549,965	(₱5,922,271)	₱-	(₱20,223,327)	(₱10,084,725)	₱3,600,705	(₱26,707,347)	₱177,606,798
Fair value of plan assets	(101,103,211)	-	(7,857,830)	(7,857,830)	(37,361,556)	(5,489,739)	-	-	-	(5,489,739)	(151,812,336)
Accrued retirement benefits liability - net	₱80,583,240	₱16,631,334	₱4,060,801	₱20,692,135	(₱43,283,827)	(₱5,489,739)	(₱20,223,327)	(₱10,084,725)	₱3,600,705	(₱32,197,086)	₱25,794,462

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income						
	January 1, 2023	Current		Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal	December 31, 2023
		Service Cost*	Net Interest**								
Present value of defined benefit obligation	₱135,527,056	₱11,114,159	₱10,665,979	₱21,780,138	(₱4,431,998)	₱-	₱5,464,158	₱22,249,282	₱1,097,815	₱28,811,255	₱181,686,451
Fair value of plan assets	(85,858,275)	-	(7,124,230)	(7,124,230)	(9,331,223)	1,210,517	-	-	-	1,210,517	(101,103,211)
Accrued retirement benefits liability - net	₱49,668,781	₱11,114,159	₱3,541,749	₱14,655,908	(₱13,763,221)	₱1,210,517	₱5,464,158	₱22,249,282	₱1,097,815	₱30,021,772	₱80,583,240

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income						
	January 1, 2022	Current		Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal	December 31, 2022
		Service Cost*	Net Interest**								
Present value of defined benefit obligation	₱106,190,781	₱9,568,309	₱5,415,730	₱14,984,039	(₱10,777,375)	₱-	₱37,363,430	(₱11,076,146)	(₱1,157,673)	₱25,129,611	₱135,527,056
Fair value of plan assets	(86,186,784)	-	(4,479,500)	(4,479,500)	(3,293,118)	8,101,127	-	-	-	8,101,127	(85,858,275)
Accrued retirement benefits liability - net	₱20,003,997	₱9,568,309	₱936,230	₱10,504,539	(₱14,070,493)	₱8,101,127	₱37,363,430	(₱11,076,146)	(₱1,157,673)	₱33,230,738	₱49,668,781

*Presented as retirement benefits cost under "Personnel Costs".

**Presented as net interest from retirement benefits cost under "Finance Costs".



The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023	2022
Discount rate	6.13%	6.56%	7.87%
Salary increase rate	6.00%	7.00%	7.00%
Employees covered	1,908	1,641	1,319
	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table
Mortality rate	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5
Disability rate	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5	The Disability Study, Period 2 Benefit 5

Withdrawal rates are as follows:

Age	Nurse			Non-Nurse		
	2024	2023	2022	2024	2023	2022
19 - 24	26.94%	31.41%	34.22%	21.86%	22.13%	22.41%
25 - 29	34.62%	35.58%	34.29%	24.80%	24.86%	21.94%
30 - 34	38.00%	39.32%	37.53%	16.25%	15.89%	15.42%
35 - 39	43.81%	56.52%	46.24%	9.37%	9.53%	8.27%
40 - 44	38.71%	47.83%	50.00%	6.47%	6.17%	6.02%
45 - 49	13.07%	16.22%	16.00%	6.04%	6.40%	5.73%
50 - 54	0.50%	0.50%	0.50%	2.72%	0.85%	2.00%
≥ 55	0.50%	0.50%	0.50%	1.30%	0.00%	0.50%

The composition of the fair value of plan assets by each class as at December 31 is as follows:

	2024	2023
Cash and cash equivalents	₱12,387,887	₱3,579,053
Debt instruments:		
Government securities	137,648,245	87,939,573
Not rated debt securities	–	8,108,478
	137,648,245	96,048,051
Others	1,776,204	1,476,107
Fair value of plan assets	₱151,812,336	₱101,103,211

The distribution of fair value of plan assets by each class as at December 31 are as follows:

	2024	2023
Cash and cash equivalents	8.16%	3.54%
Debt instruments:		
Government securities	90.67%	86.98%
Not rated debt securities	0.00%	8.02%
	90.67%	95.00%
Others	1.17%	1.46%
	100.0%	100.0%

All debt instruments held have quoted prices in active markets. The remaining plan assets do not have quoted market prices in active markets.



The plan assets consist mainly of government securities that are risk-free.

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring accrued retirement benefits liability at the end of the reporting period after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the accrued retirement benefits liability.

	2024		2023	
	Increase (Decrease)	Accrued Retirement Benefits	Increase (Decrease)	Accrued Retirement Benefits
Discount rates	1.0% (1.0%)	(₱15,874,642) 18,431,317	1.0% (1.0%)	(₱17,372,226) 20,267,703
Future salary increases	1.0% (1.0%)	18,269,762 (16,033,218)	1.0% (1.0%)	19,975,915 (17,457,282)
No attrition rates		126,933,166		104,112,032

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities but the plan trustee is generally assumed to use an approach that would meet the goals of the fund.

The Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, this will then be due and payable from the Company to the retirement fund.

The weighted average duration of the defined benefit obligation is 9.7 years and 10.4 years on December 31, 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2024	2023
Not exceeding one year	₱20,689,301	₱17,747,139
More than one year but not exceeding two years	10,697,113	8,155,870
More than two years but not exceeding five years	25,440,820	22,245,665
More than five years but not exceeding ten years	125,473,486	133,931,816
	₱182,300,720	₱182,080,490

The latest actuarial valuation report of the Company is as at December 31, 2024.



20. Income Taxes

- a. The components of the Company’s provision for income tax are as follows:

	2024	2023	2022
Current:			
RCIT	₱304,225,391	₱227,921,838	₱135,748,749
Final tax on interest income	4,929,471	4,093,182	748,098
	309,154,862	232,015,020	136,496,847
Deferred	(25,500,157)	9,965,976	16,382,397
	₱283,654,705	₱241,980,996	₱152,879,244

- b. The components of the Company’s net deferred income tax assets as at December 31 are as follows:

	2024	2023
Deferred income tax assets on:		
Allowance for:		
ECL	₱73,911,635	₱66,831,311
Inventory obsolescence	2,572,334	2,368,341
Accrued service incentive	15,443,424	9,766,005
Unamortized past service cost	10,801,073	5,687,694
Liability for purchased land	9,494,296	–
Accrued expenses	8,602,968	5,913,459
Right-of-use asset	7,614,630	1,480,026
Accrued retirement benefits liability - net	6,448,616	19,260,373
Difference between the depreciation expense per books and the depreciation expense deducted for income tax purposes	2,449,926	6,101,330
Rental deposit	832,169	832,169
Allowance for possible loss of equipment	39,996	29,600
	138,211,067	118,270,308
Deferred income tax liability on:		
Lease liability	(3,090,370)	(1,415,830)
Unrealized foreign exchange loss (gain) - net	(405,688)	409,646
	(3,496,058)	(1,006,184)
	₱134,715,009	₱117,264,124
Deferred tax asset recognized in other comprehensive (income) loss - actuarial (income) loss on accrued retirement benefits liability	(₱8,049,271)	₱7,505,443



- c. A reconciliation of the Company’s provision for income tax computed at the statutory income tax rate based on income before income tax to the provision for income tax is as follows:

	2024	2023	2022
Provision for income tax computed at the statutory income tax rate	₱272,085,793	₱233,941,792	₱153,068,356
Additions to (reductions in) income tax resulting from:			
Nondeductible deficiencies and penalties	9,070,657	7,033,201	–
Interest income subjected to final tax	(6,165,985)	(5,117,922)	(937,210)
Final tax on interest income	4,929,471	4,093,182	748,098
Nondeductible expenses	3,734,769	2,030,734	
Provision for income tax	₱283,654,705	₱241,980,996	₱152,879,244

21. Capital Management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Company monitors capital using the liabilities to tangible net worth ratio. Liabilities include accounts payable and other current liabilities, net accrued retirement benefits liability, income tax payable, due to a related party, liability for purchased land and lease liability. Tangible net worth pertains to the total stockholders’ equity minus intangible assets. Ratio should not be greater than 1:1.

	2024	2023
Liabilities (a):		
Accounts payable and other current liabilities	₱1,031,159,259	₱1,061,968,868
Accrued retirement benefits liability - net	25,794,462	80,583,240
Income tax payable	169,003,543	95,298,555
Due to a related party	4,749,475	20,818,444
Liability for purchased land	1,209,191,763	–
Lease liability	150,436,328	2,164,796
	₱2,590,334,830	₱1,260,833,903
Tangible net worth (b):		
Capital stock	₱1,936,289,876	₱1,935,520,327
Additional paid-in capital	185,465,780	185,465,780
Retained earnings	3,489,373,820	3,033,296,463
Other comprehensive income (loss) - net of tax	3,133,240	(21,014,575)
	5,614,262,716	5,133,267,995
Less software and licenses - net	31,693,447	28,848,590
	₱5,582,569,269	₱5,104,419,405
Liabilities to tangible net worth ratio (a/b)	0.46:1.0	0.25:1.0



22. Financial Instruments and Financial Risk Management Objectives and Policies

The Company’s principal financial instruments comprise mainly of cash and cash equivalents. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Company’s policy that no free-standing derivatives or trading in financial instruments shall be undertaken.

Fair Value Information

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current financial assets and financial liabilities

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents (excluding cash on hand), receivables, accounts payable and other current liabilities (excluding statutory payables and contract liabilities), amounts due to a related party, and lease liability approximate the carrying amount as of the reporting date.

Refundable deposits

The carrying value approximates the fair value of refundable deposits included under “Other noncurrent assets” in the statements of financial position to reflect the current market conditions and the amount to be paid when the liability is settled.

Financial asset at FVOCI

The fair value of equity financial assets designated at FVOCI included under “Other noncurrent assets” in the statement of financial position is based on the quoted prices in the active market.

Categories of Financial Instruments

	December 31, 2024			Total
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	
Assets				
Cash and cash equivalents*	₱1,025,198,300	₱–	₱–	₱1,025,198,300
Trade receivables	642,390,185	–	–	642,390,185
Non-trade receivables	13,678,313	–	–	13,678,313
Refundable deposits	6,678,555	–	–	6,678,555
Equity financial assets measured at FVOCI	–	19,668,000	–	19,668,000
Total financial assets	₱1,687,945,353	₱19,668,000	₱–	₱1,707,613,353
Liabilities				
Accounts payable and other current liabilities**	₱–	₱–	₱978,094,368	₱978,094,368
Due to a related party	–	–	4,749,475	4,749,475
Total financial liabilities	₱–	₱–	₱982,843,843	₱982,843,843

*Excluding cash on hand amounting to ₱16.5 million as at December 31, 2024

**Excluding current portion of liability for purchased land, statutory payables, current portion of lease liability and contract liabilities amounting to ₱432.0 million, ₱36.7 million, ₱33.3 million and ₱16.3 million, respectively, as at December 31, 2024



	December 31, 2023			
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	Total
Assets				
Cash and cash equivalents*	₱1,388,245,915	₱–	₱–	₱1,388,245,915
Trade receivables	494,258,471	–	–	494,258,471
Non-trade receivables	34,678,118	–	–	34,678,118
Refundable deposits	6,657,970	–	–	6,657,970
Equity financial assets measured at FVOCI	–	19,668,000	–	19,668,000
Total financial assets	₱1,923,840,474	₱19,668,000	₱–	₱1,943,508,474
Liabilities				
Accounts payable and other current liabilities**	₱–	₱–	₱1,014,117,272	₱1,014,117,272
Due to a related party	–	–	20,818,444	20,818,444
Total financial liabilities	₱–	₱–	₱1,034,935,716	₱1,034,935,716

*Excluding cash on hand amounting to ₱12.0 million as at December 31, 2023

**Excluding statutory payables, contract liabilities and current portion of lease liability amounting to ₱35.8 million, ₱12.0 million and ₱2.2 million, respectively, as at December 31, 2023

Fair Value Hierarchy

The Company's financial assets that are carried at fair value are the quoted shares classified as equity financial assets as at December 31, 2024, and 2023, the fair value of these investments amounting to ₱19.7 million are determined and disclosed using Level 2 inputs, which are quoted in inactive markets indicated by the low volume or level of activity and sizes of transactions for a particular share. The remaining financial assets and liabilities are determined and disclosed using Level 3 inputs.

In 2024 and 2023, there were no transfers into and out of the different levels of fair value measurements.

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company extends credit only to reputable HMO, corporate or insurance companies. The receivable balances are regularly monitored. Credit limits are set in the system and a regular review of these limits is being done by management.

As a healthcare provider, the Company is exposed also to credit risk on patients who are unable to pay their medical bills upon discharge. The Company has a policy to require deposits from patients upon admission and to require top-ups from patients whose bills have exceeded deposited amount. To lessen the exposure on credit risk, the Company closely monitors its receivables on an on-going basis. The Company's exposure to credit risk arises from default of the counterparty.



The table below provides the maximum credit risk exposure of the Company as at December 31:

	Gross Maximum Exposure ⁽¹⁾		Net Maximum Exposure ⁽²⁾	
	2024	2023	2024	2023
Cash and cash equivalents*	₱1,025,198,300	₱1,388,245,915	₱1,021,198,300	₱1,384,408,614
Receivables	656,068,498	528,936,589	656,068,498	528,936,589
Refundable deposits**	6,678,555	6,657,970	6,678,555	6,657,970
Financial asset at FVOCI**	19,668,000	19,668,000	19,668,000	19,668,000
	₱1,707,613,353	₱1,943,508,474	₱1,703,613,353	₱1,939,671,173

⁽¹⁾Gross financial assets before taking into account any collateral held or other credit enhancements or insurance in case of bank deposits.

⁽²⁾Net financial assets after taking into account any collateral held or other credit enhancements or insurance in case of bank deposits.

*Excluding cash on hand amounting to ₱16.5 million and ₱12.0 million as at December 31, 2024 and 2023, respectively.

**Included as part of "Other noncurrent assets" account.

The tables below provide the age analysis of the Company's financial assets according to the Company's credit ratings of debtors:

	December 31, 2024							Provision for ECL	Total
	Neither Past Due nor Impaired	Past Due							
		<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days			
Cash and cash equivalents*	₱1,025,198,300	₱-	₱-	₱-	₱-	₱-	₱-	₱1,025,198,300	
Receivables:									
Trade:									
HMO	121,500,133	85,971,782	6,897,098	11,490	340,168	23,997,403	(10,764,669)	227,953,405	
PhilHealth	37,840,342	35,774,941	37,737,857	45,384,578	970	70,318,713	(96,069,398)	130,988,003	
Corporate accounts	21,850,796	27,353,150	15,508,333	12,527,718	5,513,383	10,155,717	(1,789,800)	91,119,297	
International insurance	15,657,952	17,774,567	11,778,451	5,730,716	2,334,801	24,450,550	(16,809,660)	60,917,377	
Self-pay	17,491,222	7,353,998	12,537,647	10,192,674	10,363,158	132,445,506	(164,805,495)	25,578,710	
Others	25,171,786	19,968,774	4,426,739	18,078,071	94,958	38,093,065	-	105,833,393	
Nontrade	7,407,229	3,209,376	2,023,606	-	1,938,365	4,507,254	(5,407,517)	13,678,313	
Refundable deposits**	6,678,555	-	-	-	-	-	-	6,678,555	
Financial assets at FVOCI**	19,668,000	-	-	-	-	-	-	19,668,000	
	₱1,298,464,315	₱197,406,588	₱90,909,731	₱91,925,247	₱20,585,803	₱303,968,208	(₱295,646,539)	₱1,707,613,353	

*Excluding cash on hand amounting to ₱16.5 million as at December 31, 2024.

**Included as part of "Other noncurrent assets" account.

	December 31, 2023							Provision for ECL	Total
	Neither Past Due nor Impaired	Past Due							
		<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days			
Cash and cash equivalents*	₱1,388,245,915	₱-	₱-	₱-	₱-	₱-	₱-	₱1,388,245,915	
Receivables:									
Trade:									
HMO	90,961,910	96,005,182	19,932,186	8,791,011	1,148,866	9,835,988	(12,373,384)	214,301,759	
Corporate accounts	22,442,432	29,755,035	31,641,983	5,427,723	2,852,980	4,518,195	(310,053)	96,328,295	
PhilHealth	23,954,923	21,639,190	13,097,981	15,706,646	12,207,452	101,089,756	(112,517,529)	75,178,419	
International insurance	21,886,029	22,672,637	4,064,286	1,352,502	5,835,142	797,039	(5,682,667)	50,924,968	
Self-pay	18,369,486	6,894,731	3,070,455	3,151,270	2,048,293	118,291,810	(130,216,034)	21,610,011	
Others	11,407,168	16,159,565	606,474	4,711,604	2,436,999	593,209	-	35,915,019	
Nontrade	7,688,727	7,975,917	14,483,888	4,222,000	401,600	6,131,561	(6,225,575)	34,678,118	
Refundable deposits**	6,657,970	-	-	-	-	-	-	6,657,970	
Financial assets at FVOCI**	19,668,000	-	-	-	-	-	-	19,668,000	
	₱1,611,282,560	₱201,102,257	₱86,897,253	₱43,362,756	₱26,931,332	₱241,257,558	(₱267,325,242)	₱1,943,508,474	

*Excluding cash on hand amounting to ₱12.0 million as at December 31, 2023.

**Included as part of "Other noncurrent assets" account.

For cash and cash equivalents (excluding cash on hand), the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such 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. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and



supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the Company’s credit risk experience, ECL rate increases as the age of receivables also increases.

Credit quality

The financial assets of the Company are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 past due and based on change in rating delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 to 360 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Company’s financial assets:

	December 31, 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	₱1,025,198,300	₱–	₱–	₱1,025,198,300
Trade receivables	633,168,253	299,460,954	–	932,629,207
Nontrade receivables	14,578,576	4,507,254	–	19,085,830
Refundable deposits**	6,678,555	–	–	6,678,555
Total financial assets	₱1,679,623,684	₱303,968,208	₱–	₱1,983,591,892

* Excluding cash on hand amounting to ₱16.5 million

**Included as part of “Other noncurrent assets” account.

	December 31, 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	₱1,388,245,915	₱–	₱–	₱1,388,245,915
Trade receivables	520,232,141	235,125,997	–	755,358,138
Nontrade receivables	34,772,132	6,131,561	–	40,903,693
Refundable deposits**	6,657,970	–	–	6,657,970
Total financial assets	₱1,949,908,158	₱241,257,558	₱–	₱2,191,165,716

* Excluding cash on hand amounting to ₱12.0 million.

**Included as part of “Other noncurrent assets” account.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The Company’s objective is to be able to finance its working capital requirements and capital expenditures. To cover the Company’s financing requirements, the Company uses internally-generated funds. Projected and actual cash flow information are regularly evaluated to ensure it meets these requirements.

The tables on the next page summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. The table also analyzes the maturity profile of the Company’s financial assets in order to provide a complete view of the Company’s contractual commitments and liquidity:



Financial assets

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected dates the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period for the end of the reporting period to the contractual maturity date.

December 31, 2024							
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
Cash and cash equivalents*	₱712,057,316	₱313,140,984	₱–	₱–	₱–	₱–	₱1,025,198,300
Trade receivables	–	642,390,185	–	–	–	–	642,390,185
Nontrade receivables	–	13,678,313	–	–	–	–	13,678,313
Refundable deposits	–	–	6,678,555	–	–	–	6,678,555
Financial assets at FVOCI	–	–	19,668,000	–	–	–	19,668,000
Total financial assets	712,057,316	969,209,482	26,346,555	–	–	–	1,707,613,353
Accounts payable and other current liabilities**	–	978,094,368	–	–	–	–	978,094,368
Due to a related party	–	4,749,475	–	–	–	–	4,749,475
Total financial liabilities***	–	982,843,843	–	–	–	–	982,843,843
Liquidity position (gap)	₱712,057,316	(₱13,634,361)	₱26,346,555	₱–	₱–	₱–	₱724,769,510

*Excluding cash on hand amounting to ₱16.5 million as at December 31, 2024

**Excluding statutory payables and contract liabilities amounting to ₱36.7 million and ₱16.3 million, respectively, as at December 31, 2024

***Includes future interest payments

December 31, 2023							
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
Cash and cash equivalents*	₱740,217,000	₱648,028,915	₱–	₱–	₱–	₱–	₱1,388,245,915
Trade receivables	–	494,258,471	–	–	–	–	494,258,471
Nontrade receivables	–	34,678,118	–	–	–	–	34,678,118
Refundable deposits	–	–	6,657,970	–	–	–	6,657,970
Financial assets at FVOCI	–	–	19,668,000	–	–	–	19,668,000
Total financial assets	740,217,000	1,176,965,504	26,325,970	–	–	–	1,943,508,474
Accounts payable and other current liabilities**	–	1,014,117,272	–	–	–	–	1,014,117,272
Due to a related party	–	20,818,444	–	–	–	–	20,818,444
Total financial liabilities***	–	1,034,935,716	–	–	–	–	1,034,935,716
Liquidity position (gap)	₱740,217,000	₱142,029,788	₱26,325,970	₱–	₱–	₱–	₱908,572,758

*Excluding cash on hand amounting to ₱12.0 million as at December 31, 2023

**Excluding statutory payables and contract liabilities amounting to ₱35.8 million and ₱12.0 million, respectively, as at December 31, 2023

***Includes future interest payments

The Company expects that the cash generated from operations will adequately cover those immediately maturing obligations. All expected collections, check disbursements and other cash payments are determined daily to arrive at the projected cash position to cover its obligations and to ensure that obligations are met as they fall due. The Company monitors its cash flow position, particularly collections from receivables and the funding requirements of operations to ensure an adequate balance of inflows and outflows. The Company has online facilities with its depository banks wherein bank balances are monitored daily to determine the Company's actual cash balances at any time. The Company also has available credit facilities from which it can draw to ensure sufficient available funding for its projects.

Foreign Currency Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has foreign currency risk arising from its cash and cash equivalents and international insurance included under receivables. The Company also has transactional currency exposures arising from purchases of medical equipment or supplies in currencies other than the Peso. The Company relies on its ability to generate dollar-based revenue from its foreign patients to mitigate this risk.



The table below shows the details of the Company’s currency exposure in US dollar (US\$) on its cash and cash equivalents and receivables:

	2024		2023	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash and cash equivalents	US\$365,401	₱21,138,462	US\$2,088,189	₱115,623,021
Receivables	1,207,846	69,873,902	1,049,582	58,115,366
	US\$1,573,247	₱91,012,364	US\$3,137,771	₱173,738,387

As at December 31, 2024, and 2023, the exchange rates used were ₱57.85 and ₱55.37 per US\$1.00, respectively.

The tables below represent the impact on the Company’s profit or loss before income tax due to changes in fair value of monetary assets brought about by a change in Peso to US dollar exchange rates (holding all other variables constant):

	Foreign Exchange Rate	Increase (Decrease) in Foreign Currency	Impact on Income Before Tax
2024	₱57.85	4.47% (4.47%)	₱4,068,253 (4,068,253)
2023	55.37	0.70% (0.70%)	₱1,216,169 (1,216,169)

There is no other effect on the Company’s equity other than those already affecting the profit or loss.

23. Significant Related Party 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 exercise 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 stockholders.

On December 6, 2011, MPIC entered into an Assignment and Accession Agreement with Bumrungrad International Limited (BIL), former parent of the Company, and Bumrungrad International Holdings Pte Ltd. (BIHPL). BIL and BIHPL transferred to MPIC all their rights and obligations under the Consultancy Services Agreement and Service Agreement, respectively.

The consultancy services agreement with BIL provide for fees equivalent to 3% of net revenue and 5% of EBITDA of the Company, payable in cash to the extent of US\$70,572 annually, with the balance payable by way of issuance of the Company’s shares or shall be deemed to be payment for subscription of the Company’s shares based on a subscription price at the higher of (a) ten times the earnings per share of the Company during the previous fiscal year or (b) ₱1.13 as may be adjusted by reason of any change in par value.

Under the services agreement with BIHPL, the fees shall be payable in cash to the extent of US\$70,572 annually.



For both the Consultancy Services Agreement and Service Agreement, the basis of the cash payment to be made to MPIC, previously entered with the Company, shall be amended annually based on the change in the Philippine Consumer Price Index (CPI) for the most recent past twelve months. On January 1, 2015, the right to collect management fee was transferred to MPHC.

On February 24, 2015, the Company changed the currency denomination from US Dollar to Philippine Peso using the foreign exchange rate as at February 16, 2015.

Increase in CPI by 5% and 6% in 2024 and 2023, respectively, resulted to increase in management fee in 2024 and 2023.

The tables below provide the total amount of transactions, and their outstanding balances included in “Due to a related party” with MPHC as of and for the years ended December 31, 2024 and 2023.

	Nature of transactions	Transactions for the year		Outstanding balances		Terms	Conditions
		2024	2023	2024	2023		
Parent							
MPHC	Management fee	₱12,246,138	₱11,545,085	₱1,781,118	₱7,250,736	Due every month; Cash payment adjusted for the changes in the CPI	Unsecured
	Group purchasing	800,000	800,000	1,385,714	1,385,714	Due upon receipt of invoice	Unsecured
	Legal	67,200	60,000	1,313,143	2,546,250	Due upon receipt of invoice	Unsecured
	Other services	211,997	9,833,098	269,500	9,635,744	Due upon receipt of invoice	Unsecured
	Total	₱13,325,335	₱22,238,183	₱4,749,475	₱20,818,444		

On September 22, 2023, the Company entered into a Memorandum of Agreement with Medi Linx Laboratory, Inc. (MLLI) to avail their diagnostic testing services to clinicians, patients and external customers. The Company also entered into a Contract of Lease whereby MLLI was awarded the concession to operate a centralized diagnostic laboratory on a portion of the hospital’s premises.

The Company also avails of and provides several services from its affiliates under normal terms and conditions, and which are also offered to third parties.

The tables below and in the next page provide the total amount of transactions and their outstanding balances, included in “Receivables” and “Accounts payable and other current liabilities”, with other related parties as of and for the years ended December 31, 2024 and 2023.

	Nature of transaction	Transactions for the year		Outstanding balances		Terms	Conditions
		2024	2023	2024	2023		
Receivables							
Affiliate Under Common Control							
Philippine Long Distance Telephone Company (PLDT)	Hospital bills	₱39,309,842	₱43,250,229	₱14,187,061	₱27,630,668	30 days; noninterest-bearing	Unsecured
MLLI	Rental income	20,861,472	18,665,538	2,320,454	18,665,538	30 days; noninterest-bearing	Unsecured
Smart Communications, Inc. (SMART)	Rental income	1,061,532	1,362,805	139,762	601,748	30 days; noninterest-bearing	Unsecured
MPIC	Hospital Bills	1,117,889	658,110	513,039	323,063	30 days; noninterest-bearing	Unsecured
Metro Pac Water Investments Corp	Hospital Bills	24,440	71,430	–	73,109	30 days; noninterest-bearing	Unsecured
		₱62,375,175	₱64,008,112	₱17,160,316	₱47,294,126		



	Nature of transaction	Transactions for the year		Outstanding balances		Terms	Conditions
		2024	2023	2024	2023		
Payables							
Affiliate Under Common Control							
MLLI	Laboratory services and purchase of reagents	₱188,801,694	₱79,964,693	₱31,766,874	₱44,079,286	30 days; noninterest-bearing	Unsecured
MeralcoPowerGen Corporation	Availment of electric services	126,041,082	136,601,663	9,671,109	10,721,164	30 days; noninterest-bearing	Unsecured
SMART	Availment of communication services	1,337,744	1,391,312	117,824	92,457	30 days; noninterest-bearing	Unsecured
Maynilad Water Services Inc.	Availment of utilities services	559,167	165,111	–	27,264	30 days; noninterest-bearing	Unsecured
PLDT	Availment of communication services	6,477,198	5,681,097	–	–	30 days; noninterest-bearing	Unsecured
		₱323,216,885	₱223,803,876	₱41,555,807	₱54,920,171		

Outstanding balances at year end are normally settled in cash. The Company did not make any provision for impairment loss relating to amounts owed by related parties.

The compensation of key management personnel follows:

	2024	2023
Salaries and short-term employee benefits	₱181,281,392	₱147,300,856
Separation benefits	1,483,634	11,881,875
	₱182,765,026	₱159,182,731

24. Leases

The Company as a lessor

- The Company entered into various lease agreements with its concessionaires. These leases generally provide for either (a) a fixed monthly rent or (b) a minimum rent or a certain percentage of gross revenue. Fixed rent income from leases amounted to ₱30.5 million, ₱16.1 million and ₱10.0 million in 2024, 2023 and 2022, respectively. Contingent rent income recognized in profit or loss amounted to ₱2.8 million, ₱2.4 million and ₱1.6 million in 2024, 2023 and 2022, respectively. Generally, the lease term is 1 year and renewable annually.
- The Company entered into lease agreement with its doctors for the rent of one condominium unit as clinics. The condominium unit is located in the Medical Office Building and is owned by the Company. The Company earned rent income of ₱0.7 million, ₱0.8 million and ₱0.7 million in 2024, 2023 and 2022, respectively.

The Company as a lessee

- In 2024, the Company renewed its two-year lease agreement for commercial operation parking lots and spaces of land at Block 40, Lot 4, Civic Drive, Filinvest Corporate City. The agreement is renewable for another two years, subject to mutual agreement between the lessor and the Company.



- b. In 2024, the Company entered into a two-year lease agreement relating to the lease of parking lots and spaces of land located at Lot 3, Block 40, Civic Plaza, Filinvest City, Alabang, Muntinlupa City. The agreement is renewable for another two years, subject to mutual agreement between the lessor and the Company.
- c. In 2024, the Company entered into a five-year lease agreement relating to the lease of certain premises of a ten-story commercial and residential building and parking lots as operational and administrative space located at 2409 Civic Drive District, Filinvest City, Alabang, Muntinlupa City. The agreement is renewable for another three years, subject to mutual agreement between the lessor and the Company. The Company is restricted from assigning and subleasing the leased assets without written consent from the lessor.

The carrying amount of lease liabilities as at December 31 follows:

	2024	2023
Beginning balance	₱2,164,796	₱6,108,142
Addition to lease liability	166,184,399	–
Interest expense on lease liability (Note 17)	7,125,670	216,029
Lease payments	(25,038,537)	(4,159,375)
Ending balance	150,436,328	2,164,796
Current portion of lease liability (Note 10)	33,271,165	2,164,796
Noncurrent portion of lease liability	₱117,165,163	₱–

The lease liabilities were measured at the present value of the remaining lease payments discounted at the Company’s incremental borrowing rates at the inception of the lease contract.

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows as at December 31, 2024:

	2024	2023
Within one year	₱43,790,804	₱2,164,796
After one year but not more than five years	129,544,702	–
Total undiscounted lease liabilities	₱173,335,506	₱2,164,796

The Company also has certain leases of machineries, office equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the “short-term lease” and ‘lease of low-value assets’ recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Rental expenses relating to short-term and low value assets charged to operations and administrative expenses are as follows:

	2024	2023
Cost of services and sales (Note 14)	₱14,508,857	₱12,424,272
Operating expenses (Note 15)	9,361,794	9,482,858
	₱23,870,651	₱21,907,130



25. Note to Statements of Cash Flows

- a. Principal non-cash investing activities pertain to the unpaid acquisitions of property and equipment amounting to ₱1,395.6 million and ₱134.6 million for years ended December 31, 2024 and 2023, respectively, and unpaid acquisition of software and licenses amounting to ₱1.4 million and ₱1.5 million for the years ended December 31, 2024 and 2023, respectively.
- b. Changes in liabilities arising from financing activities

	Dividends Payable (Note 12)	Lease Liability (Note 24)
Balance as at December 31, 2021	₱–	₱2,342,312
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱–	(₱4,235,000)
Dividends	(316,911,128)	–
Non-cash:		
Addition to lease liability	–	7,828,114
Interest expense on lease liability	–	172,716
Dividend declaration	317,623,456	–
Application of dividends against subscriptions receivable	(712,328)	–
	316,911,128	8,000,830
Balance as at December 31, 2022	₱–	₱6,108,142
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱–	(₱4,159,375)
Dividends	(344,930,710)	–
Non-cash:		
Interest expense on lease liability	–	216,029
Dividend declaration	345,706,018	–
Application of dividends against subscriptions receivable	(775,308)	–
	344,930,710	216,029
Balance as at December 31, 2023	₱–	₱2,164,796
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱–	(₱25,038,537)
Dividends	(347,841,561)	–
Non-cash:		
Addition to lease liability	₱–	₱166,184,399
Interest expense on lease liability	–	7,125,670
Dividend declaration	348,611,110	–
Application of dividends against subscriptions receivable	(769,549)	–
	347,841,561	173,310,069
Balance as at December 31, 2024	₱–	₱150,436,328



26. Basic/Diluted Earnings per Share

The table below represents information necessary to compute the basic/diluted earnings per share:

	2024	2023	2022
(a) Net income	₱804,688,467	₱693,786,173	₱459,394,180
(b) Adjusted weighted average number of shares	1,936,728,391	1,936,728,391	1,936,728,391
Basic/diluted earnings per share (a/b)	₱0.4155	₱0.3582	₱0.2372

There were no potentially dilutive shares as at December 31, 2024, 2023 and 2022. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

27. Disclosures Required Under Revenue Regulations (RR) No. RR 15-2010 of the Bureau of Internal Revenue

The Company reported and/or paid the following taxes, duties and license fees during the year:

Value Added Tax (VAT)

The Company is primarily engaged in the sale of medical and hospital services and lease of properties which is incidental to its operation. Sec. 109(l) of the 1997 Tax Code, as amended, provides that “Medical and hospital services are VAT Exempt”. However, lease of properties which are not connected to medical and hospital services are subject to VAT. RA No. 9337 increased the VAT rate from 10% to 12%, effective February 1, 2006.

Output VAT

The breakdown of the Company’s sales transaction for the year ended December 31, 2024 is as follows:

	Base Amount	Output VAT
Vatable sales:		
Lease income	₱32,709,894	₱3,925,187
Others	128,503,707	15,420,445
VAT exempt	5,292,223,840	–
Total	₱5,453,437,441	₱19,345,632

Others pertains to sale of medicines and medical supplies to outpatient.

VAT exempt revenues from hospital services account for 97% of the total sales; hence the Company does not recognize input VAT from purchases of goods and services from different suppliers/vendor except purchases related to outpatient pharmacy and purchases of power from Meralco wherein the Company claims 7.69% of the total bill as tenant’s share which is directly connected to vatable rental income. Any VAT passed on by VAT registered suppliers of goods and services (except outpatient pharmacy purchases and 7.69% VAT on Meralco bill) are recorded as part of the cost as mandated by existing laws and regulation.



Input VAT

The amount of VAT input taxes claimed are broken down as follows:

Balance at January 1, 2024	₱–
Current year’s domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	
Domestic purchase of services	5,598,329
Applied against output VAT	(5,598,329)
<u>Balance at December 31, 2024</u>	<u>₱–</u>

Input VAT claimed from Meralco for the year ended December 31, 2024 amounted to ₱1,125,573.

VAT payments made during the year amounted to ₱13,747,303.

Outstanding balance of output VAT and input VAT as at December 31, 2024 amounted to ₱1,441,137 and nil, respectively. Output VAT and input VAT are presented as part of “Statutory payables” under “Accounts payables and other current liabilities” and “Other current assets”, respectively, in the statements of financial position.

The Company’s VATable revenue are based on actual cash collections, hence may not be the same with the amounts accrued in the statements of comprehensive income.

Withholding Taxes

The categories of the Company’s withholding taxes for the year ended December 31, 2024 are as follows:

Expanded withholding taxes	₱186,105,891
Compensation and benefits	49,783,524
Final taxes	6,711,858
<u>Total</u>	<u>₱242,601,273</u>

Taxes and Licenses and Other Matter

The Company did not have any importations nor purchases of products subject to excise tax in 2024.

The components of the Company’s taxes and licenses for the year ended December 31, 2024 are as follows:

Business taxes	₱28,859,340
Real estate taxes	4,852,069
Fringe benefits tax	222,413
Community tax certificate	10,500
Barangay permit	15,015
Other taxes	16,668,110
<u>Total</u>	<u>₱50,627,447</u>

Permits and licenses included as part of business taxes amounted to ₱654,619 is presented as “Others” under “Cost of Sales and Services”

Deficiency Tax Assessments and Tax Cases

The Company does not have any outstanding deficiency tax assessments as at December 31, 2024.

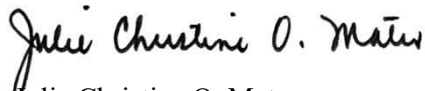


**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Board of Directors and Stockholders
Asian Hospital, Inc.
2205 Civic Drive, Filinvest Corporate City
Alabang, Muntinlupa City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Asian Hospital, Inc. (a subsidiary of Metro Pacific Health Corporation) (the Company) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated February 19, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Julie Christine O. Mateo

Partner

CPA Certificate No. 93542

Tax Identification No. 198-819-116

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-068-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465357, January 2, 2025, Makati City

February 19, 2025

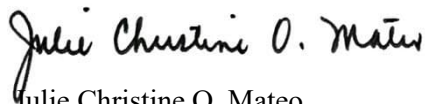


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Asian Hospital, Inc.
2205 Civic Drive, Filinvest Corporate City
Alabang, Muntinlupa City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Asian Hospital, Inc. (a subsidiary of Metro Pacific Health Corporation) (the Company) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated February 19, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Julie Christine O. Mateo

Partner

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PTR No. 10465357, January 2, 2025, Makati City

February 19, 2025



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)

**SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS AT DECEMBER 31, 2024**

The Philippine SEC issued Memorandum Circular No. 16 series of 2023 on September 19, 2023, which provides guidance on the determination of the retained earnings available for dividend declaration.

The table below presents the retained earnings available for dividend declaration as at December 31, 2024:

Unappropriated retained earnings, beginning of reporting period	₱2,908,796,462
Less: Dividend declaration during the reporting period	(345,706,018)
Unappropriated retained earnings, as adjusted	2,563,090,444
Add: Net income closed to retained earnings during the year	804,688,467
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(2,572,400)
Add: Category C.2: Unrealized income in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain - net (except those attributable to cash and cash equivalents)	502,850
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement in deferred tax asset not considered in the reconciling items under the previous categories	21,040,093
Net movement in deferred tax asset and deferred tax liability related to the same transaction (setup of right of use asset and lease liability)	4,460,064
Total retained earnings available for dividend declaration as at December 31, 2024	₱3,391,209,518



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of Asian Hospital, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

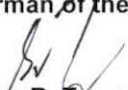
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Augusto P. Palisoc, Jr.
Chairman of the Board


Beaver R. Tamesis, MD
President and Chief Executive Officer



Robert D. Martinez
Chief Finance Officer

Signed this 19th day of February, 2025

SUBSCRIBED AND SWORN to before me this FEB 20 day of 2025 affiants exhibiting to me their respective Evidence of Identity, as follows:

Names	Evidence of Identity	Date of Issue	Place of Issue
Augusto P. Palisoc, Jr.	PP P6294589A	March 7, 2018	Manila
Beaver R. Tamesis, MD	PP P6844863A	April 19, 2018	La Union
Robert D. Martinez	UMID CRN-01111-0254738-9		Manila

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Series of 2025


ATTY. MARIELLE L. LAGUERTA
Notary Public for City of Manila- Until Dec. 31, 2025
Notarial Commission No. 2024-179
Tower 3, 3K, No. 181 N. Lopez St., Ermita, Manila
I.B.P. NO. 480207- Dec. 31, 2024 for the year 2025
Notary Public
PRO. NO. 2041441- Jan. 2, 2025 at Manila
PRO. NO. VIII-0010660- Valid until 4-14-2028
ROLL NO. 88314