

Asian Hospital, Inc.
(A Subsidiary of Metro Pacific Health Corporation)

Financial Statements
As at December 31, 2023 and 2022
and for the Years Ended December 31, 2023,
2022 and 2021

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Asian Hospital, Inc.

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

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, 2023, 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, 2023 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 PFRSs, 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 26 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, August 25, 2021, valid until April 15, 2024

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

PTR No. 10079988, January 6, 2024, Makati City

February 20, 2024



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

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,400,291,603	₱1,017,269,222
Receivables (Notes 5 and 22)	528,936,589	366,494,858
Inventories (Note 6)	178,621,082	164,156,796
Other current assets (Note 7)	51,813,712	35,030,147
Total Current Assets	2,159,662,986	1,582,951,023
Noncurrent Assets		
Property and equipment (Note 8)	4,036,275,297	3,919,303,131
Deferred income tax assets - net (Note 19)	117,264,124	119,724,657
Other noncurrent assets (Note 9)	80,899,491	67,205,778
Total Noncurrent Assets	4,234,438,912	4,106,233,566
TOTAL ASSETS	₱6,394,101,898	₱5,689,184,589
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 12 and 22)	₱1,064,133,664	₱776,729,981
Income tax payable	95,298,555	45,900,002
Due to a related party (Note 22)	20,818,444	10,292,168
Total Current Liabilities	1,180,250,663	832,922,151
Noncurrent Liabilities		
Accrued retirement benefits liability - net (Note 18)	80,583,240	49,668,781
Lease liability - net of current portion (Notes 23 and 24)	-	2,164,796
Total Noncurrent Liabilities	80,583,240	51,833,577
Total Liabilities	1,260,833,903	884,755,728
Equity		
Capital stock [held by 611 equity holders in 2023 and 2022, respectively] (Note 11)	1,935,520,327	1,934,745,019
Additional paid-in capital	185,465,780	185,465,780
Retained earnings (Note 11)	3,033,296,463	2,685,216,308
Other comprehensive loss - net of tax (Notes 9, 11 and 18)	(21,014,575)	(998,246)
Total Equity	5,133,267,995	4,804,428,861
TOTAL LIABILITIES AND EQUITY	₱6,394,101,898	₱5,689,184,589

See accompanying Notes to Financial Statements.



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

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE (Note 12)	₱4,462,448,455	₱3,701,553,463	₱3,583,264,672
COST OF SERVICES AND SALES (Note 13)	(2,564,833,097)	(2,220,472,075)	(2,147,805,839)
GROSS PROFIT	1,897,615,358	1,481,081,388	1,435,458,833
Operating expenses (Note 14)	(1,038,450,887)	(960,444,520)	(1,044,422,200)
Other operating income - net (Note 15)	59,970,746	88,612,043	52,891,717
OPERATING INCOME	919,135,217	609,248,911	443,928,350
Interest income (Notes 4 and 5)	20,876,268	4,477,770	1,275,533
Finance costs (Note 16)	(4,244,316)	(1,453,257)	(1,217,218)
INCOME BEFORE INCOME TAX	935,767,169	612,273,424	443,986,665
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	232,015,020	136,496,847	131,214,675
Deferred	9,965,976	16,382,397	(6,958,082)
	241,980,996	152,879,244	124,256,593
NET INCOME	693,786,173	459,394,180	319,730,072
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of taxes (Notes 9, 11 and 18)	(20,016,329)	(16,223,054)	15,335,730
TOTAL COMPREHENSIVE INCOME	₱673,769,844	₱443,171,126	₱335,065,802
BASIC/DILUTED EARNINGS PER SHARE (Note 25)	₱0.3582	₱0.2372	₱0.1651

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, 2023, 2022 AND 2021**

	Capital Stock (Note 11)	Additional Paid-in Capital	Retained Earnings (Note 11)	Other Comprehensive Income (Loss) - net of tax (Notes 9, 11 and 18)	Total
BALANCES AT DECEMBER 31, 2020	₱1,933,915,417	₱185,465,780	₱2,276,007,179	(₱110,922)	₱4,395,277,454
Application of dividends against subscriptions receivable (Note 11)	117,274	–	–	–	117,274
Net income	–	–	319,730,072	–	319,730,072
Other comprehensive loss (Notes 9, 11 and 18)	–	–	–	15,335,730	15,335,730
Total comprehensive income	–	–	319,730,072	15,335,730	335,065,802
Total before dividend declaration	1,934,032,691	185,465,780	2,595,737,251	15,224,808	4,730,460,530
Cash dividends (Note 11)	–	–	(52,291,667)	–	(52,291,667)
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 11)	712,328	–	–	–	712,328
Net income	–	–	459,394,180	–	459,394,180
Other comprehensive loss (Notes 9, 11 and 18)	–	–	–	(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 11)	–	–	(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 11)	775,308	–	–	–	775,308
Net income	–	–	693,786,173	–	693,786,173
Other comprehensive loss (Notes 9, 11 and 18)	–	–	–	(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 11)	–	–	(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

See accompanying Notes to Financial Statements.



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

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱935,767,169	₱612,273,424	₱443,986,665
Adjustments for:			
Depreciation and impairment loss (Notes 8 and 9)	378,256,083	365,757,138	344,594,030
Amortization of software and licenses (Note 9)	15,658,097	12,966,263	7,402,284
Retirement benefits cost (Notes 17 and 18)	11,114,159	9,568,309	16,186,478
Provision for inventory obsolescence (Note 6)	6,006,172	2,930,727	3,845,131
Interest expense (Notes 16, 18 and 23)	3,757,778	1,126,169	929,035
Unrealized foreign exchange loss (gain) - net	1,637,246	(14,159,125)	(6,176,393)
Provision for expected credit losses (Notes 5 and 14)	125,556	-	188,400,074
Interest income (Notes 4 and 5)	(20,876,268)	(4,477,770)	(1,275,533)
(Gain)/loss on disposal of property and equipment (Notes 8 and 15)	(1,045,277)	61,179	26,441
Operating income before working capital changes and provisions	1,330,400,715	986,046,314	997,918,212
Decrease (increase) in:			
Receivables	(161,695,898)	1,291,399	(223,054,148)
Inventories	(20,470,458)	64,460,317	(4,914,741)
Other current assets	(16,783,565)	(5,497,133)	1,511,789
Increase (decrease) in:			
Accounts payable and other current liabilities	166,346,140	100,596,096	19,038,259
Due to a related party	10,526,276	(1,872,894)	(3,661,387)
Cash generated from operations	1,308,323,210	1,145,024,099	786,837,984
Interest received	20,876,268	4,477,770	1,275,533
Contribution to the retirement fund and benefits paid (Note 18)	(13,763,221)	(14,070,493)	(19,348,396)
Income taxes paid, including creditable withholding tax	(182,616,467)	(156,770,179)	(129,431,931)
Net cash from operating activities	1,132,819,790	978,661,197	639,333,190
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 24)	(374,892,689)	(332,442,329)	(251,312,675)
Software and licenses (Notes 9 and 24)	(20,025,502)	(31,140,462)	(4,248,076)
Proceeds from disposal of property and equipment (Note 8)	2,973,889	1,432,661	25,447
Decrease (increase) in:			
Advances to contractors	(6,165,805)	20,884,930	(28,504,908)
Other noncurrent assets	(88,582)	(152,807)	55,000
Net cash used in investing activities	(398,198,689)	(341,418,007)	(283,985,212)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of:			
Dividends (Notes 11 and 24)	(344,930,710)	(316,911,128)	(52,174,393)
Lease liability (Note 23)	(4,159,375)	(4,235,000)	(3,850,000)
Interest (Note 10)	-	(17,223)	-
Cash used in financing activities	(349,090,085)	(321,163,351)	(56,024,393)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(2,508,635)	14,603,406	5,796,747
NET INCREASE IN CASH AND CASH EQUIVALENTS	383,022,381	330,683,245	305,120,332
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,017,269,222	686,585,977	381,465,645
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,400,291,603	₱1,017,269,222	₱686,585,977

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, 2018, MPHHI 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 20, 2024.

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 (PFRSs). The term PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC.



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 2023. 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 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Financial Instruments: Financial Assets

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. As at December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023, and 2022, the Company's accounts payable and other current liabilities (excluding statutory payables and contract liabilities), due to a related party and lease liability are classified under this category (see Notes 10, 22 and 23).

Inventories

Cost is the purchase cost determined using weighted average method for medicines and medical supplies.

Property and Equipment

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.



Software and Licenses

Following initial recognition, software and licenses 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.

Leases

The Company as a lessee

The Company 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.



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

The preparation of the financial statements in accordance with PFRS 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:

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 ₱0.1 million and ₱188.4 million in 2023 and 2021, respectively, and nil in 2022 (see Note 14). Receivables, net of allowance for ECL, amounted to ₱528.9 million and ₱366.5 million as at December 31, 2023 and 2022, 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 ₱178.6 million and ₱164.2 million as at December 31, 2023 and 2022, respectively. Inventory write-off amounted to ₱4.2 million and ₱5.9 million as at December 31, 2023 and 2022, respectively (see Note 6).

Provision for inventory obsolescence amounted to ₱6.0 million, ₱2.9 million and ₱3.8 million in 2023, 2022 and 2021, respectively (see Notes 6 and 13).

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 2023, 2022 and 2021 (see Notes 8 and 9). Accumulated impairment losses on property and equipment amounted to ₱0.1 million as at December 31, 2023 and 2022 (see Note 8).

As at December 31, 2023, the carrying values of property and equipment, investment properties, and software and licenses amounted to ₱4,036.3 million, ₱2.0 million and ₱28.8 million, respectively, while their carrying values as at December 31, 2022 amounted to ₱3,919.3 million, ₱2.2 million and ₱23.5 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 ₱118.3 million and ₱123.7 million as at December 31, 2023 and 2022, respectively, because management expects to realize their benefits in the future (see Note 19).

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 ₱11.1 million, ₱9.6 million and ₱16.2 million in 2023, 2022 and 2021, respectively, while net interest expense from retirement benefit cost amount to ₱3.5 million, ₱0.9 million and ₱0.7 million in 2023, 2022 and 2021, respectively (see Notes 17 and 18). Actuarial gain on accrued retirement benefits liability net of tax recognized in OCI amounted to ₱15.9 million in 2021 and actuarial loss on accrued retirement benefits liability, net of tax, recognized in OCI amounted to ₱22.5 million and ₱24.9 million in 2023 and 2022, respectively (see Note 18). As at December 31, 2023 and 2022, accrued retirement benefits liability amounted to ₱80.6 million and ₱49.7 million, respectively (see Note 18).

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

	2023	2022
Cash on hand and in banks	₱752,262,688	₱804,840,474
Time deposit	648,028,915	212,428,748
	₱1,400,291,603	₱1,017,269,222

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 ₱20.5 million, ₱3.8 million and ₱1.1 million in 2023, 2022 and 2021, respectively.

5. Receivables

	2023	2022
Trade:		
Health maintenance organizations (HMO)	₱226,675,143	₱115,458,513
Philippine Health Insurance Corporation (PhilHealth)	187,695,948	315,431,108
Self-pay	151,826,045	131,525,537
Corporate accounts	96,638,348	48,713,719
International insurance	56,607,635	17,270,744
Others	35,915,019	29,370,448
Nontrade	40,903,693	36,946,110
	796,261,831	694,716,179
Less allowance for ECL	267,325,242	328,221,321
	₱528,936,589	₱366,494,858

Movements in the allowance for ECL follow:

	2023	2022
Beginning balances	₱328,221,321	₱382,093,621
Provision for ECL (Note 14)	125,556	-
Write off	(61,021,635)	(53,872,300)
Ending balances	₱267,325,242	₱328,221,321

The Company's outstanding trade receivables from related parties amounted to ₱47.3 million and ₱5.4 million as at December 31, 2023 and 2022, respectively (see Note 22).

Interest income earned from late payment charges totaled ₱0.4 million, ₱0.7 million and ₱0.2 million in 2023, 2022 and 2021, respectively.

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

	2023	2022
At Cost:		
Medicines	₱74,753,601	₱56,865,399
Medical supplies	113,340,843	114,954,567
	188,094,444	171,819,966
Less allowance for inventory obsolescence	9,473,362	7,663,170
	₱178,621,082	₱164,156,796

The cost of medicines and medical supplies carried at net realizable value amounted to ₱9.5 million and ₱7.7 million as at December 31, 2023 and 2022, respectively. All inventories carried at net realizable value were fully provided with allowance.

Movements in the allowance for inventory obsolescence accounts follow:

	2023	2022
Beginning balance	₱7,663,170	₱10,617,532
Provision for inventory obsolescence (Note 13)*	6,006,172	2,930,727
Write off	(4,195,980)	(5,885,089)
	₱9,473,362	₱7,663,170

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

7. Other Current Assets

	2023	2022
Prepaid expenses	₱36,667,090	₱23,347,234
Creditable withholding tax (CWT)	15,146,622	11,536,648
Input VAT	-	146,265
	₱51,813,712	₱35,030,147

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

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

Input VAT pertains to VAT imposed on purchases of services. These are expected to be offset against output VAT arising from the Company's revenue/income subject to VAT in the future.



8. Property and Equipment

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 13 and 14)	-	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
Disposals	-	-	-	-	-	-	-	-	-	-
Ending balances	-	-	-	-	10,983	3,884	103,533	-	-	118,400
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

As at December 31, 2022:

	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	₱3,182,896,665	₱1,160,539,848	₱258,489,646	₱2,426,322,346	₱492,467,098	₱103,474,569	₱9,120,900	₱29,787,220	₱8,169,186,724
Additions	-	-	8,760,000	8,202,764	117,477,813	37,965,270	5,289,962	8,357,793	124,132,205	310,185,807
Reclassifications	-	133,419,425	-	-	20,500,000	-	-	-	(153,919,425)	-
Disposals	-	-	-	-	(66,285,817)	(6,138,344)	(1,030,058)	-	-	(73,454,219)
Ending 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
Accumulated Depreciation										
Beginning balances	-	965,486,369	643,330,962	248,716,564	1,855,329,226	384,850,252	88,179,489	6,882,828	-	4,192,775,690
Depreciation (Notes 13 and 14)	-	87,716,540	50,366,294	4,425,289	168,366,628	44,905,295	5,832,860	3,979,279	-	365,592,185
Disposals	-	-	-	-	(65,557,295)	(5,346,837)	(966,962)	-	-	(71,871,094)
Ending 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
Accumulated Impairment Losses										
Beginning balances	-	-	-	-	10,983	3,884	103,533	-	-	118,400
Disposals	-	-	-	-	-	-	-	-	-	-
Ending balances	-	-	-	-	10,983	3,884	103,533	-	-	118,400
Net Book Value	₱506,088,432	₱2,263,113,181	₱475,602,592	₱13,550,557	₱539,864,800	₱99,881,430	₱14,585,553	₱6,616,586	₱-	₱3,919,303,131



The Company disposed some items of property and equipment in 2023, 2022 and 2021. Transactions are as follows:

	2023	2022	2021
Net book value	₱3,028,612	₱1,583,125	₱51,888
Less: Proceeds	2,973,889	1,432,661	25,447
Trade-in value	1,100,000	89,285	-
Loss (gain) on disposals	(₱1,045,277)	₱61,179	₱26,441

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

	2023	2022
Software and licenses	₱28,848,590	₱23,502,922
Advances to contractors	23,718,015	17,552,210
Financial assets at FVOCI	19,668,000	17,168,000
Refundable deposits	6,657,970	6,810,777
Investment property	2,006,916	2,171,869
	₱80,899,491	₱67,205,778

- a. Software and licenses as at December 31 follow:

	2023	2022
Cost		
Beginning balances	₱187,880,357	₱163,409,719
Additions	21,552,376	24,470,638
Retirement	(790,000)	-
Ending balances	208,642,733	187,880,357
Accumulated Amortization		
Beginning balances	164,377,435	151,411,172
Amortization (Notes 13 and 14)	15,658,097	12,966,263
Retirement	(241,389)	-
Ending balances	179,794,143	164,377,435
Net Book Value	₱28,848,590	₱23,502,922

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

	2023	2022
Beginning balance	₱17,168,000	₱8,468,000
Unrealized gain on changes in fair value	2,500,000	8,700,000
Ending balance	₱19,668,000	₱17,168,000



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

	2023	2022
Beginning balance	₱14,535,000	₱5,835,000
Unrealized gain on changes in fair value	2,500,000	8,700,000
Ending balance (Note 11)	₱17,035,000	₱14,535,000

- d. As at December 31, 2023, and 2022, 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:

	2023	2022
Cost	₱4,123,808	₱4,123,808
Accumulated Depreciation		
Beginning balances	1,951,939	1,786,986
Depreciation (Note 14)	164,953	164,953
Ending balances	2,116,892	1,951,939
Net Book Value	₱2,006,916	₱2,171,869

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 2023, 2022 and 2021.

There are no direct operating expenses including repairs and maintenance arising from investment property that generated rental income in 2023, 2022 and 2021.

10. Accounts Payable and Other Current Liabilities

	2023	2022
Trade accounts payable	₱558,009,289	₱359,359,438
Accrued expenses	281,194,450	215,826,642
Accrued physician fees	109,948,335	64,575,644
Statutory payables	35,815,577	24,410,253
Contract liabilities (Note 12)	12,036,019	11,087,245
Refund payable	11,271,915	6,891,737
Retention payable	8,479,106	8,501,957
Others	47,378,973	86,077,065
	₱1,064,133,664	₱776,729,981

- a. Trade payables include unpaid billings of creditors, 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 ₱54.9 million and ₱25.0 million as at December 31, 2023 and 2022, respectively (see Note 22).



- 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.

	2023	2022
Personnel	₱90,973,336	₱47,285,304
Outside services	34,677,369	36,288,529
Professional fees	31,299,566	32,160,250
Cost of medical supplies	25,602,318	30,887,252
Utilities	19,389,763	23,507,893
Rebate	17,459,079	5,861,211
Maintenance	13,395,012	9,164,243
General expenses	7,904,867	8,653,520
Rent	2,395,989	3,472,954
Others	38,097,151	18,545,486
	₱281,194,450	₱215,826,642

- 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 VAT payable, expanded withholding taxes payable, withholding taxes payable on compensation, and contributions to Social Security System, PhilHealth and Pag-IBIG which are normally settled within the next twelve months.
- e. Contract liabilities pertain to advances received from patients for medical services that has yet to be performed which can be redeemed by the patient in a future time through rendering of services which are normally settled within the next twelve months (see Note 12).
- f. 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.
- 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 unliquidated Debit Credit Payment Method from PhilHealth, current portion of lease liability, advances from employees and other officers, cooperative dues, and charities fund, among others which are normally settled within the next twelve months. Interest payment pertains to short-term loan availment to maintain credit facility amounting to ₱5.0 million.

11. Equity

Capital Stock

	Number of Shares	
	2023	2022
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:

	2023	2022	2021
Beginning balance	₱1,983,372	₱2,695,700	₱2,812,974
Application of dividends against subscription receivable (see Note 24)	(775,308)	(712,328)	(117,274)
Ending balance	₱1,208,064	₱1,983,372	₱2,695,700

Retained Earnings

As at December 31, 2023 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, 2023 as cash dividends in 2024.

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
May 2, 2023	May 12, 2023	May 26, 2023	₱0.1190	₱1,936,728,391	₱230,470,679
December 20, 2023	December 5, 2023	December 20, 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

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
November 15, 2021	November 26, 2021	December 15, 2021	₱0.027	1,936,728,391	₱52,291,667

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:

	2023	2022	2021
Actuarial gain (loss) in accrued retirement benefits liability	(₱38,049,575)	(₱15,533,246)	₱9,389,808
Unrealized gain on changes in fair value	17,035,000	14,535,000	5,835,000
	(₱21,014,575)	(₱998,246)	₱15,224,808

12. 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.

	2023	2022	2021
By source			
Patient service revenue	₱4,237,897,180	₱3,542,489,597	₱3,270,492,785
Pharmacy sales	815,241,197	643,269,320	807,444,135
Discounts	(590,689,922)	(484,205,454)	(494,672,248)
	₱4,462,448,455	₱3,701,553,463	₱3,583,264,672



	2023	2022	2021
By customers			
Inpatient	₱2,923,546,664	₱2,345,647,918	₱2,642,350,148
Outpatient	2,129,591,713	1,840,110,999	1,435,586,772
Gross revenue	5,053,138,377	4,185,758,917	4,077,936,920
Discounts	(590,689,922)	(484,205,454)	(494,672,248)
	₱4,462,448,455	₱3,701,553,463	₱3,583,264,672

Contract Balances

The Company's trade receivables amounted to ₱755.4 million and ₱657.8 million as at December 31, 2023 and 2022, respectively (see Note 5).

Contract liabilities include deposits received from patients, amounting to ₱12.0 million and ₱11.1 million as at December 31, 2023 and 2022, respectively (see Note 10). Revenue recognized from contract liabilities included in 2023 and 2022 amounted to ₱9.4 million and ₱7.1 million, respectively.

13. Cost of Services and Sales

	2023	2022	2021
Medical supplies	₱627,241,305	₱604,530,677	₱595,879,595
Personnel costs (Note 17)	481,565,745	358,302,427	361,159,182
Reader's fee	276,087,436	234,843,174	177,454,313
Professional fees and outside services	267,423,883	212,941,821	204,511,101
Depreciation (Notes 8 and 9)	199,210,884	191,425,089	175,616,037
Communication, light and water (Note 22)	121,281,767	145,146,844	91,773,760
Patient meals	46,870,315	35,450,177	34,203,852
Repairs and maintenance	41,731,336	33,353,764	20,062,149
Supplies	29,835,372	22,189,509	17,703,464
Rent (Note 23)	12,424,272	8,895,938	15,283,886
Amortization of software and licenses (Note 9)	3,840,260	2,891,050	767,823
Others - net (Note 6)	41,113,053	23,785,822	26,924,477
Cost of services	2,148,625,628	1,873,756,292	1,721,339,639
Cost of sales - Pharmacy	416,207,469	346,715,783	426,466,200
	₱2,564,833,097	₱2,220,472,075	₱2,147,805,839

14. Operating Expenses

	2023	2022	2021
Personnel costs (Note 17)	₱370,301,278	₱332,157,222	₱303,203,588
Depreciation (Notes 8 and 9)	179,045,199	174,332,049	168,977,993
Professional fees and outside services (Note 22)	146,261,288	167,948,443	140,820,271
Repairs and maintenance	87,933,777	68,100,295	50,045,488

(Forward)



	2023	2022	2021
Taxes and licenses	₱53,687,935	₱33,962,148	₱31,105,111
Communication, light and water (Note 22)	52,327,530	57,091,281	42,140,709
Supplies	22,067,355	18,760,743	16,341,279
Advertising	21,178,473	9,566,577	3,305,297
Entertainment, amusement and recreation	16,924,927	19,719,849	18,974,651
Insurance	15,492,823	15,285,504	14,516,308
Transportation and travel	14,516,903	11,500,399	10,571,328
Amortization of software and licenses (Note 9)	11,817,837	10,075,213	6,634,461
Rent (Note 23)	9,482,858	8,746,456	6,905,022
Provision for ECL (Note 5)	125,556	-	188,400,074
Others	37,287,148	33,198,341	42,480,620
	₱1,038,450,887	₱960,444,520	₱1,044,422,200

Others pertains to credit card commission expense, association dues, canteen operation costs, employee meals, among others.

15. Other Operating Income - Net

	2023	2022	2021
Rent income (Note 23)	₱19,354,904	₱12,370,622	₱10,799,702
Foreign exchange gain (loss) - net	5,139,745	23,949,325	11,449,723
Gain (Loss) on disposal of property and equipment (Note 8)	1,045,277	(61,179)	(26,441)
Others	34,430,820	52,353,275	30,668,733
	₱59,970,746	₱88,612,043	₱52,891,717

Others pertains to income from canteen operations, rebates and parking fees, among others.

16. Finance Costs

	2023	2022	2021
Net interest from retirement benefits cost (Note 18)	₱3,541,749	₱936,230	₱727,278
Interest expense on lease liability (Note 23)	216,029	172,716	201,757
Bank charges	486,538	344,311	288,183
	₱4,244,316	₱1,453,257	₱1,217,218

17. Personnel Costs

	2023	2022	2021
Salaries and wages (Notes 13 and 14)	₱840,752,864	₱680,891,340	₱648,176,292
Retirement benefits cost (Note 18)	11,114,159	9,568,309	16,186,478
	₱851,867,023	₱690,459,649	₱664,362,770



18. 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						December 31, 2023
	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	
		Service Cost* (Notes 14 and 17)	Net Interest** (Note 16)								
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						December 31, 2022
	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	
		Service Cost* (Notes 14 and 17)	Net Interest** (Note 16)								
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".

	Net Retirement Benefits Cost in Statement of Comprehensive Income					Remeasurements in Other Comprehensive Income						December 31, 2021
	January 1, 2021	Current		Net Interest**	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	
		Service Cost* (Notes 14 and 17)	Settlement Loss									
Present value of defined benefit obligation	₱123,760,952	₱11,073,985	₱5,112,493	₱4,840,910	₱21,027,388	(₱14,072,503)	₱-	(₱2,091,232)	(₱15,821,257)	(₱6,612,567)	(₱24,525,056)	₱106,190,781
Fair value of plan assets	(80,165,539)	-	-	(4,113,632)	(4,113,632)	(5,275,893)	3,368,280	-	-	-	3,368,280	(86,186,784)
Accrued retirement benefits liability - net	₱43,595,413	₱11,073,985	₱5,112,493	₱727,278	₱16,913,756	(₱19,348,396)	₱3,368,280	(₱2,091,232)	(₱15,821,257)	(₱6,612,567)	(₱21,156,776)	₱20,003,997

*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:

	2023	2022	2021
Discount rate	6.56%	7.87%	5.10%
Salary increase rate	7.00%	7.00%	5.00%
Employees covered	1,641	1,319	1,375
	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	Period 2 Benefit 5	Period 2 Benefit 5	Period 2 Benefit 5

Withdrawal rates are as follows:

Age	Nurse			Non-Nurse		
	2023	2022	2021	2023	2022	2021
19 - 24	31.41%	34.22%	28.77%	22.13%	22.41%	22.10%
25 - 29	35.58%	34.29%	35.79%	24.86%	21.94%	19.90%
30 - 34	39.32%	37.53%	33.51%	15.89%	15.42%	14.22%
35 - 39	56.52%	46.24%	47.16%	9.53%	8.27%	7.26%
40 - 44	47.83%	50.00%	32.69%	6.17%	6.02%	6.08%
45 - 49	16.22%	16.00%	35.00%	6.40%	5.73%	5.21%
50 - 54	0.50%	0.50%	35.00%	0.85%	2.00%	5.21%
≥ 55	0.50%	0.50%	35.00%	0.00%	0.50%	5.21%

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

	2023	2022
Cash and cash equivalents	₱3,579,053	₱7,186,338
Debt instruments:		
Government securities	87,939,573	74,387,609
Not rated debt securities	8,108,478	8,328,253
	96,048,051	82,715,862
Others	1,476,107	(4,043,925)
Fair value of plan assets	₱101,103,211	₱85,858,275

The distribution of fair value of plan assets by each class as at December 31, 2023 are as follows:

	2023	2022
Cash and cash equivalents	3.54%	8.37%
Debt instruments:		
Government securities	86.98%	86.64%
Not rated debt securities	8.02%	9.70%
	95.00%	96.34%
Others	1.46%	(4.71%)
	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 re-measuring 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.

	2023		2022	
	Increase (Decrease)	Accrued Retirement Benefits	Increase (Decrease)	Accrued Retirement Benefits
Discount rates	1.0% (1.0%)	(₱17,372,226) 20,267,703	1.0% (1.0%)	(₱12,629,842) 14,685,771
Future salary increases	1.0% (1.0%)	19,975,915 (17,457,282)	1.0% (1.0%)	14,666,720 (12,836,358)
No attrition rates		104,112,032		80,160,661

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 10.4 years and 10.1 years on December 31, 2023 and 2022, respectively.

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

	2023	2022
Not exceeding one year	₱17,747,139	₱13,629,066
More than one year but not exceeding two years	8,155,870	3,597,580
More than two years but not exceeding five years	22,245,665	27,222,329
More than five years but not exceeding ten years	133,931,816	109,221,415
	₱182,080,490	₱153,670,390

The latest actuarial valuation report of the Company is as at December 31, 2023.

19. Income Taxes

a. Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems.



The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

b. The components of the Company's provision for income tax are as follows:

	2023	2022	2021
Current:			
RCIT	₱227,921,838	₱135,748,749	₱138,347,773
Final tax on interest income	4,093,182	748,098	202,922
Impact of change in income tax rate beginning July 1, 2020	-	-	(7,336,020)
	232,015,020	136,496,847	131,214,675
Deferred	9,965,976	16,382,397	(6,958,082)
	₱241,980,996	₱152,879,244	₱124,256,593

Applying the provisions of the CREATE Act, the Company would have been subjected to lower RCIT rate of 25% and MCIT rate of 1% effective July 1, 2020.

The Company recognized in its comprehensive income for the year ended December 31, 2021, a reduction in Provision for income tax (current and deferred), Deferred tax on comprehensive income directly charged to Equity and Deferred tax income tax assets - net amounting to ₱13,325,851, ₱431,852 and ₱20,661,871, respectively, pertaining to the one-time impact of CREATE for the year ended December 31, 2020.

c. The components of the Company's net deferred income tax assets as at December 31 are as follows:

	2023	2022
Deferred income tax assets on:		
Allowance for:		
ECL	₱66,831,311	₱82,055,331
Inventory obsolescence	2,368,341	1,915,792
Accrued retirement benefits liability - net	19,260,373	12,417,197
Accrued service incentive	9,766,005	5,727,686
Difference between the depreciation expense per books and the depreciation expense deducted for income tax purposes	6,101,330	10,912,272
Accrued expenses	5,913,459	3,750,000
Unamortized past service cost	5,687,694	5,908,862

(Forward)



	2023	2022
Right-of-use asset	₱1,480,026	₱435,303
Rental deposit	832,169	542,388
Allowance for possible loss of equipment	29,600	29,600
	118,270,308	123,694,431
Deferred income tax liability on:		
Unrealized foreign exchange gain - net	409,646	(3,539,781)
Lease liability	(1,415,830)	(429,993)
	(1,006,184)	(3,969,774)
	₱117,264,124	₱119,724,657
Deferred tax asset recognized in other comprehensive loss - actuarial loss on accrued retirement benefits liability	₱7,505,443	₱8,307,685

- d. 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:

	2023	2022	2021
Provision for income tax computed at the statutory income tax rate	₱233,941,792	₱153,068,356	₱110,996,666
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(5,117,922)	(937,210)	(268,846)
Final tax on interest income	4,093,182	748,098	202,922
Change in tax rate of deferred income tax – net	–	–	20,661,871
Change in tax rate on prior year's provision for current income tax	–	–	(7,336,020)
Nondeductible deficiencies and penalties	7,033,201	–	–
Nondeductible expenses	2,030,743	–	–
Provision for income tax	₱241,980,996	₱152,879,244	₱124,256,593

20. 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 and lease liability. Tangible net worth pertains to the total stockholders' equity minus intangible assets. Ratio should not be greater than 1:1.



	2023	2022
Liabilities (a):		
Accounts payable and other current liabilities	₱1,064,133,664	₱776,729,981
Accrued retirement benefits liability - net	80,583,240	49,668,781
Income tax payable	95,298,555	45,900,002
Due to a related party	20,818,444	10,292,168
Lease liability	-	2,164,796
	₱1,260,833,903	₱884,755,728
Tangible net worth (b):		
Capital stock	₱1,935,520,327	₱1,934,745,019
Additional paid-in capital	185,465,780	185,465,780
Retained earnings	3,033,296,463	2,685,216,308
Other comprehensive income (loss) - net of tax	(21,014,575)	(998,246)
	5,133,267,995	4,804,428,861
Less software and licenses - net	28,848,590	23,502,922
	₱5,104,419,405	₱4,780,925,939
Liabilities to tangible net worth ratio (a/b)	0.25:1.0	0.19:1.0

21. 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 because of recent and regular repricing based on market conditions.

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, 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
Lease liability***	-	-	2,164,796	2,164,796
Due to a related party	-	-	20,818,444	20,818,444
Total financial liabilities	₱-	₱-	₱1,037,100,512	₱1,037,100,512

*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

	December 31, 2022			
	Amortized Cost	Financial Asset at FVOCI	Financial Liabilities	Total
Assets				
Cash and cash equivalents*	₱1,002,195,600	₱-	₱-	₱1,002,195,600
Trade receivables	336,479,038	-	-	336,479,038
Non-trade receivables	30,015,820	-	-	30,015,820
Refundable deposits	6,810,777	-	-	6,810,777
Equity financial assets measured at FVOCI	-	17,168,000	-	17,168,000
Total financial assets	₱1,375,501,235	₱17,168,000	₱-	₱1,392,669,235
Liabilities				
Accounts payable and other current liabilities**	₱-	₱-	₱737,289,137	₱737,289,137
Lease liability***	-	-	6,280,858	6,280,858
Due to a related party	-	-	10,292,168	10,292,168
Total financial liabilities	₱-	₱-	₱753,862,163	₱753,862,163

*Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022

**Excluding statutory payables and contract liabilities amounting to ₱24.4 million and ₱11.1 million, respectively, as at December 31, 2022

***Includes future interest payments

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, 2023, and 2022, the fair value of these investments amounting to ₱19.7 million and ₱17.2 million, respectively, 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. In 2023 and 2022, 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 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 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⁾	
	2023	2022	2023	2022
Cash and cash equivalents*	₱1,388,245,915	₱1,002,195,600	₱1,384,408,614	₱998,195,600
Receivables	528,936,589	366,494,858	528,936,589	366,494,858
Refundable deposits**	6,657,970	6,810,777	6,657,970	6,810,777
Financial asset at FVOCI**	19,668,000	17,168,000	19,668,000	17,168,000
	₱1,943,508,474	₱1,392,669,235	₱1,939,671,173	₱1,388,669,235

⁽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 ₱12.0 million and ₱15.1 million as at December 31, 2023 and 2022, respectively.

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

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

	December 31, 2023							Provision for ECL	Total
	Neither Past Due nor Impaired	Past Due					>120 Days		
		<30 Days	30-60 Days	61-90 Days	91-120 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.



	December 31, 2022							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*	₱1,002,195,600	₱-	₱-	₱-	₱-	₱-	₱-	₱1,002,195,600	
Receivables:									
Trade:									
PhilHealth	19,795,433	18,737,421	23,659,655	22,316,842	19,578,535	211,343,222	(195,155,977)	120,275,131	
HMO	62,471,454	38,675,874	6,628,100	4,333,962	1,229,944	2,119,179	(137,723)	115,320,790	
Corporate accounts	19,134,735	19,643,990	6,464,218	2,859,173	259,224	352,379	(115,350)	48,598,369	
International insurance	4,051,021	6,259,494	2,371,665	1,367,671	2,828,666	392,227	(1,681,507)	15,589,237	
Self-pay	4,410,203	2,437,775	1,411,287	1,244,420	3,972,613	118,049,239	(124,200,474)	7,325,063	
Others	15,179,193	10,581,940	257,548	782,482	33	2,569,252	-	29,370,448	
Nontrade	4,829,715	9,480,750	3,513,578	12,077,430	627,390	6,417,247	(6,930,290)	30,015,820	
Refundable deposits**	6,810,777	-	-	-	-	-	-	6,810,777	
Financial assets at FVOCI**	17,168,000	-	-	-	-	-	-	17,168,000	
	₱1,156,046,131	₱105,817,244	₱44,306,051	₱44,981,980	₱28,496,405	₱341,242,745	(₱328,221,321)	₱1,392,669,235	

*Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022.

**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, 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.



	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	₱1,002,195,600	₱-	₱-	₱1,002,195,600
Trade receivables	322,944,571	334,825,498	-	657,770,069
Nontrade receivables	30,528,863	6,417,247	-	36,946,110
Refundable deposits**	6,810,777	-	-	6,810,777
Total financial assets	₱1,362,479,811	₱341,242,745	₱-	₱1,703,722,556

* Excluding cash on hand amounting to ₱15.1 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 below summarize 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, 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	₱-	₱-	₱-	₱-
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
Lease liability***	-	2,164,796	-	-	-	-	2,164,796
Total financial liabilities***	-	1,037,100,512	-	-	-	-	1,037,100,512
Liquidity position (gap)	₱740,217,000	₱139,864,992	₱26,325,970	₱-	₱-	₱-	₱906,407,962

*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

	December 31, 2022						
	On demand	Within one year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
	Cash and cash equivalents*	₱789,766,852	₱212,428,748	₱-	₱-	₱-	₱-
Trade receivables	-	336,479,038	-	-	-	-	336,479,038
Nontrade receivables	-	30,015,820	-	-	-	-	30,015,820
Refundable deposits	-	-	6,810,777	-	-	-	6,810,777
Financial assets at FVOCI	-	-	17,168,000	-	-	-	17,168,000
Total financial assets	789,766,852	578,923,606	23,978,777	-	-	-	1,392,669,235
Accounts payable and other current liabilities**	-	737,289,137	-	-	-	-	737,289,137
Due to a related party	-	10,292,168	-	-	-	-	10,292,168
Lease liability***	-	4,116,062	2,164,796	-	-	-	6,280,858
Total financial liabilities***	-	751,697,367	2,164,796	-	-	-	753,862,163
Liquidity position (gap)	₱789,766,852	(₱172,773,761)	₱21,813,981	₱-	₱-	₱-	₱638,807,072

*Excluding cash on hand amounting to ₱15.1 million as at December 31, 2022

**Excluding statutory payables and contract liabilities amounting to ₱24.4 million and ₱11.1 million, respectively, as at December 31, 2022

***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:

	2023		2022	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash and cash equivalents	US\$2,088,189	₱115,623,021	US\$2,013,123	₱112,251,751
Receivables	1,049,582	58,115,366	178,177	9,935,162
	US\$3,137,771	₱173,738,387	US\$2,191,300	₱122,186,913

As at December 31, 2023, and 2022, the exchange rates used were ₱55.37 and ₱55.76 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
2023	₱55.37	0.70% (0.70%)	₱1,216,169 (1,216,169)
2022	55.76	(9.34%) 9.34%	(₱11,412,258) 11,412,258

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



22. 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 of 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 of 6% and 3% in 2023 and 2022, respectively, resulted to increase in management fee in 2023 and 2022.

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, 2023 and 2022.

	Nature of transactions	Transactions for the year		Outstanding balances		Terms	Conditions
		2023	2022	2023	2022		
Parent							
MPHC	Management fee	₱11,545,085	₱11,006,151	₱7,250,736	₱6,412,168	Due every month; Cash payment adjusted for the changes in the CPI	Unsecured
	Legal	60,000	-	2,546,250	2,494,286	Due upon receipt of invoice	Unsecured
	Group purchasing	800,000	800,000	1,385,714	1,385,714	Due upon receipt of invoice	Unsecured
	Other services	9,833,098	-	9,635,744	-	Due upon receipt of invoice	Unsecured
	Total	₱22,238,183	₱11,806,151	₱20,818,444	₱10,292,168		



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 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, 2023 and 2022.

	Nature of transaction	Transactions for the year		Outstanding balances		Terms	Conditions
		2023	2022	2023	2022		
Receivables							
Affiliate Under Common Control							
Philippine Long Distance Telephone Company	Hospital bills	₱43,250,229	₱21,668,957	₱27,630,668	₱4,717,660	30 days; noninterest-bearing	Unsecured
Medi Linx Laboratory Inc.	Rental income	18,665,538	–	18,665,538	–	30 days; noninterest-bearing	Unsecured
Smart Communications, Inc.	Rental income	1,362,805	1,374,978	601,748	439,135	30 days; noninterest-bearing	Unsecured
Metro Pacific Investments Corporation	Hospital Bills	658,110	640,796	323,063	171,694	30 days; noninterest-bearing	Unsecured
Metro Pac Water Investments Corp	Hospital Bills	71,430	73,140	73,109	22,810	30 days; noninterest-bearing	Unsecured
		₱64,008,112	₱23,757,871	₱47,294,126	₱5,351,299		

Payables							
Affiliate Under Common Control							
MeralcoPowerGen Corporation	Availment of electric services	₱136,601,663	₱143,587,682	₱10,721,164	₱14,274,960	30 days; noninterest-bearing	Unsecured
Medi Linx Laboratory Inc.	Laboratory services and purchase of reagents	79,964,693	43,151,247	44,079,286	10,140,245	30 days; noninterest-bearing	Unsecured
Philippine Long Distance Telephone Company	Availment of communication services	5,681,097	4,746,062	–	449,819	30 days; noninterest-bearing	Unsecured
Smart Communications, Inc.	Availment of communication services	1,391,312	1,159,558	92,457	104,102	30 days; noninterest-bearing	Unsecured
Maynilad Water Services Inc.	Availment of utilities services	165,111	292,133	27,264	10,011	30 days; noninterest-bearing	Unsecured
East Manila Hospital Managers Corporation	Availment of utilities services	–	142,042	–	–	30 days; noninterest-bearing	Unsecured
		₱223,803,876	₱193,078,724	₱54,920,171	₱24,979,137		

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:

	2023	2022
Salaries and short-term employee benefits	₱147,300,856	₱117,266,535
Post-employment retirement benefits	–	12,187,500
Separation benefits	11,881,875	7,890,355
	₱159,182,731	₱137,344,390



23. Leases

The Company as a lessor

- a. 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 ₱16.1 million, ₱10.0 million and ₱9.5 million in 2023, 2022 and 2021, respectively. Contingent rent income recognized in profit or loss amounted to ₱2.4 million, ₱1.6 million and ₱0.9 million in 2023, 2022 and 2021, respectively. Generally, the lease term is 1 year and renewable annually.
- b. The Company entered into lease agreement with its doctors for the rent of one condominium unit as clinic. The condominium unit is located in the Medical Office Building and is owned by the Company. The Company earned rent income of ₱0.8 million, ₱0.7 million and ₱0.4 million in 2023, 2022 and 2021, respectively.

The Company as a lessee

On January 1, 2020, the Company recognized a lease liability for the contract of lease relating to the parking lots and spaces of land located at Block 40, Lot 4, Civic Drive, Filinvest Corporate City.

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

	2023	2022
Beginning balance	₱6,108,142	₱2,342,312
Addition to lease liability	–	7,828,114
Interest expense on lease liability (Note 16)	216,029	172,716
Lease payments	(4,159,375)	(4,235,000)
Ending balance	2,164,796	6,108,142
Current portion of lease liability*	2,164,796	3,943,346
Noncurrent portion of lease liability	₱–	₱2,164,796

*Presented as "Others" under "Accounts payable and other current liabilities".

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. The incremental borrowing rate applied to the lease liability is 4.95 %.

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows as at December 31, 2023:

	2023	2022
Within one year	₱2,164,796	₱4,159,375
After one year but not more than five years	–	2,196,150
Total undiscounted lease liabilities	₱2,164,796	₱6,355,525

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:

	2023	2022
Cost of services and sales	₱12,424,272	₱8,895,938
Operating expenses	9,482,858	8,746,456
	₱21,907,130	₱17,642,394

24. Note to Statements of Cash Flows

a. Principal non-cash investing activities pertain to the unpaid acquisitions of property and equipment amounting to ₱136.2 million and ₱11.4 million for years ended December 31, 2023 and 2022, respectively, and unpaid acquisition of software and licenses amounting to nil and ₱7,994 for the years ended December 31, 2023 and 2022, respectively.

b. Changes in liabilities arising from financing activities

	Dividends Payable (Note 11)	Lease Liability (Note 23)
Balance as at December 31, 2020	₱-	₱5,990,555
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	₱-	(₱3,850,000)
Dividends	(52,174,393)	-
Non-cash:		
Interest expense on lease liability	-	201,757
Dividend declaration	52,291,667	-
Application of dividends against subscriptions receivable	(117,274)	-
	52,174,393	201,757
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



	Dividends Payable (Note 11)	Lease Liability (Note 23)
Cash flow (see Statements of Cash Flows)		
Payments of/for:		
Lease liability	P-	(P4,159,375)
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	P-	P2,164,796

25. Basic/Diluted Earnings per Share

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

	2023	2022	2021
(a) Net income	P693,786,173	P459,394,180	P319,730,072
(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)	P0.3582	P0.2372	P0.1651

There were no potentially dilutive shares as at December 31, 2023, 2022 and 2021. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

26. 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, 2023 is as follows:

	Base Amount	Output VAT
Vatable sales:		
Lease income	₱19,354,904	₱2,322,588
Others	104,400,273	12,528,033
VAT exempt	4,432,355,890	—
Total	₱4,556,111,067	₱14,850,621

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, 2023	₱146,265
Current year's domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	
Domestic purchase of services	4,768,127
Applied against output VAT	(4,914,392)
Balance at December 31, 2023	₱—

Input VAT claimed from Meralco for the year ended December 31, 2023 amounted to ₱1,078,557.

VAT payments made during the year amounted to ₱9,441,883.

Outstanding balance of output VAT and input VAT as at December 31, 2023 amounted to ₱637,752 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, 2023 are as follows:

Expanded withholding taxes	₱149,168,749
Compensation and benefits	36,194,497
Final taxes	8,126,472
Withholding VAT	10,082,494
Total	₱203,572,212



Taxes and Licenses and Other Matter

The Company did not have any importations nor purchases of products subject to excise tax in 2023.

The components of the Company's taxes and licenses for the year ended December 31, 2023 are as follows:

Business taxes	₱24,105,769
Real estate taxes	4,852,069
Fringe benefits tax	222,413
Community tax certificate	10,500
Barangay permit	15,015
Other taxes	25,070,345
<u>Total</u>	<u>₱54,276,111</u>

Permits and licenses included as part of business taxes amounted to ₱588,176 is presented as "Others" under "Cost of Sales and Services"

Deficiency Tax Assessments and Tax Cases

On March 9, 2023, the Company received a Formal Letter of Demand (FLD) for taxable year 2018 covering deficiency income tax, VAT, expanded withholding tax, withholding tax on compensation, and compromise penalties. Consequently, the Company filed a Protest Letter with Request for Reinvestigation.

As of February 20, 2024, the Company have yet to receive response from the BIR.

Aside from above mentioned, the Company does not have any outstanding deficiency tax assessments as at December 31, 2023.





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, 2023 and 2022, 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.

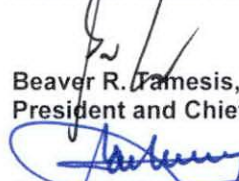
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

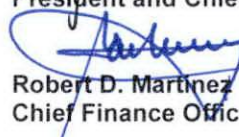
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 20th day of February, 2024

FEB 23 2024

SUBSCRIBED AND SWORN to before me this ____ day of _____ 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-0111-0254738-9		Manila

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Series of 2024

ATTY. ROLAND E. LAS PIÑAS
Notary Public - City of Manila
Notarial Commission No. 2023/016
Until Dec. 31, 2024
240-C.A.H. Lacson St., Sampaloc, Manila
Notary Public
Roll of Attorney No. 84035
PTR No. 0822024/JAN 3, 2023/MLA
IBP Membership No. 243 549 / 06/20/2022
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