



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

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Company Type: Stock Corporation

Document Information

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

	M	E	D	I	C	A	L			D	O	C	T	O	R	S		I	N	C	.		A	N	D						
S	U	B	S	I	D	I	A	R	Y																						

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

2	A	M	O	R	S	L	O	O		S	T	.		L	E	G	A	S	P	I		V	I	L	L	A	G	E		
M	A	K	A	T	I	I	C	T	Y																					

Form Type

	A	F	S
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Department requiring the report

C	R	M	D	
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Secondary License Type, if Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number/s

88888-999

Mobile Number

-

No. of Stockholders

--

Annual Meeting (Month/Day)

3rd Tuesday of July

Fiscal Year (Month/Day)

Dec 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person

Armyla B. Palomar

Email Address

Armyla.Palomar@makatimed.net.ph
--

Telephone Number/s

8674-3745

Mobile Number

-

CONTACT PERSON'S ADDRESS

5th Floor, Keyland Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City
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Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation's liability for its deficiencies.



MAKATI MEDICAL CENTER

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Medical Doctors, Inc. and its subsidiary (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, 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 Group'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 Group'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.

Isla Lipana & 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.

Signed under oath by the following:

MANUEL V. PANGILINAN

Chairman of the Board of Directors

ARNOLD C. OCAMPO, CPA

SVP Finance & Chief Finance Officer
Interim Co-President & CEO

SATURNINO P. JAVIER, MD, FPCD, FPCC, FACC

Medical Director
Interim Co-President & CEO

March 19, 2026

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.
X-----X

ACKNOWLEDGMENT

MAR 25 2026

BEFORE ME, a Notary Public for and in above jurisdiction on this _____ day of _____ 2026, personally appeared:

Name	Government ID No.	Expiry Date
Manuel V. Pangilinan	Passport No. P9969361A	December 17, 2028
Arnold C. Ocampo, CPA	Passport No. P0693064B	February 14, 2029
Saturnino P. Javier, MD, FPCD, FPCC, FACC	PRC ID No. 0058434	November 29, 2027

Known to me to be the same persons who executed the foregoing instrument and who acknowledged to me the same is their free and voluntary act and deed as well as that of the corporations herein represented.

WITNESS MY HAND AND NOTARIAL SEAL on the date and at the place first above-written.

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Page No. 49
Book No. II
Series of 2026


ANA BETTINA D. CARONONGAN
Commission No. M-729
Notary Public for Makati City
Until 31 December 2026
6th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City.
PTR No. 10770625; 6 January 2026; Makati City
IBP No. 535601; 19 December 2025; Makati City
Roll No. 78793, 13 May 2022
MCLE Compliance VIII No. 0024001; 04.14.28



Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Street
Legaspi Village, Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Medical Doctors, Inc. (the "Parent Company") and its subsidiary (together, the "Group") as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2025;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2025;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2025; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
+63 (2) 8845 2728

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Medical Doctors, Inc.
Page 5

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.

Isla Lipana & Co.



Paul Chester U. See

Partner

CPA Cert. No. 104941

P.T.R. No. 0011425; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (Firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 202-215-515

BIR A.N. 08-000745-122-2024; issued on February 13, 2024; effective until February 12, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City
March 19, 2026



Isla Lipana & Co.

Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Street
Legaspi Village, Makati City

We have audited the accompanying consolidated financial statements of Medical Doctors, Inc. (the "Parent Company") and its subsidiary as at and for the year ended December 31, 2025, on which we have rendered the attached report dated March 19, 2026.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of the work we performed, the Parent Company has 1,133 shareholders each owning one hundred or more shares as at December 31, 2025.

Isla Lipana & Co.

Paul Chester U. See
Partner
CPA Cert. No. 104941
P.T.R. No. 0011425; issued on January 8, 2026 at Makati City
SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (Firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 202-215-515
BIR A.N. 08-000745-122-2024; issued on February 13, 2024; effective until February 12, 2027
BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City
March 19, 2026

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1226 Makati City, Philippines
+63 (2) 8845 2728



Isla Lipana & Co.

Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Street
Legaspi Village, Makati City

We have audited the consolidated financial statements of Medical Doctors, Inc. (the “Parent Company”) and its subsidiary (together, the “Group”) as at and for the year ended December 31, 2025, on which we have rendered the attached report dated March 19, 2026.

The supplementary information shown in the Reconciliation of Parent Company’s Retained Earnings Available for Dividend Declaration and Schedules A, B, C, D, E, F, G and H, as additional component required by Revised Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Paul Chester U. See
Partner

CPA Cert. No. 104941

P.T.R. No. 0011425; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (Firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 202-215-515

BIR A.N. 08-000745-122-2024; issued on February 13, 2024; effective until February 12, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City
March 19, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
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Medical Doctors, Inc. and Subsidiary
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(All amounts in thousands of Philippine Peso)

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	2	3,476,161	3,351,710
Receivables, net	3	855,084	748,916
Inventories, net	4	344,583	301,187
Prepayments and other current assets	5	68,795	45,623
Total current assets		4,744,623	4,447,436
Non-current assets			
Property and equipment, net	6	13,703,031	13,459,324
Other non-current assets	5	154,020	139,757
Total non-current assets		13,857,051	13,599,081
Total assets		18,601,674	18,046,517
Liabilities and Equity			
Current liabilities			
Trade and other payables	7	1,561,468	1,697,468
Provision for claims	9	19,008	25,090
Income tax payable		67,148	48,280
Dividends payable	11	111,514	67,328
Lease liabilities, current portion	20.2	105,556	69,405
Other current liabilities		17,679	36,088
Total current liabilities		1,882,373	1,943,659
Non-current liabilities			
Provisions, net of current portion	9	143,582	138,632
Retirement benefit obligation	10	795,799	672,884
Deferred income tax liabilities, net	16	1,640,239	1,665,843
Lease liabilities, net of current portion	20.2	397,970	532,568
Total non-current liabilities		2,977,590	3,009,927
Total liabilities		4,859,963	4,953,586
Equity			
Equity attributable to owners of the Parent Company:			
Share capital	11	342,862	342,862
Capital in excess of par value	11	1,701,610	1,701,610
Treasury shares	11	(15,036)	(15,036)
Revaluation surplus	18	5,836,986	5,846,767
Remeasurements on retirement benefits	10	(120,004)	(65,648)
Retained earnings	11	5,971,832	5,258,908
		13,718,250	13,069,463
Non-controlling interest		23,461	23,468
Total equity		13,741,711	13,092,931
Total liabilities and equity		18,601,674	18,046,517

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso except for earnings per share)

	Notes	2025	2024	2023
Gross revenues	12	11,435,778	10,456,076	9,638,481
Discounts	13	(1,590,162)	(1,354,841)	(1,232,780)
Net revenues	14	9,845,616	9,101,235	8,405,701
Cost of services		(5,942,550)	(5,446,895)	(4,968,380)
Gross profit	14	3,903,066	3,654,340	3,437,321
Administrative expenses	15	(2,184,959)	(1,931,826)	(1,894,901)
Other income, net		191,139	196,602	90,940
Profit from operations	20.2	1,909,246	1,919,116	1,633,360
	16	(43,615)	(30,518)	(11,651)
		1,865,631	1,888,598	1,621,709
		(448,769)	(454,628)	(410,948)
		1,416,862	1,433,970	1,210,761
Finance costs				
Remeasurements on retirement benefits	10	(72,474)	(14,999)	(74,484)
Deferred tax on remeasurements on retirement benefits	16	18,118	3,750	18,621
Fair value gains on land and building and building improvements	18	-	3,428,636	-
Deferred tax adjustment on land and buildings and building improvements appraisal	16	-	(857,158)	-
Income tax expense		(54,356)	2,560,229	(55,863)
Total other comprehensive (loss) income for the year		(54,356)	2,560,229	(55,863)
Total comprehensive income for the year		1,362,506	3,994,199	1,154,898
Profit for the year				
Profit for the year attributable to:				
Owners of the Parent Company		1,416,869	1,433,977	1,210,768
Non-controlling interest		(7)	(7)	(7)
Items that will not be reclassified to profit or loss		1,416,862	1,433,970	1,210,761
Total comprehensive income attributable to:				
Owners of the Parent Company		1,362,513	3,994,206	1,154,905
Non-controlling interest		(7)	(7)	(7)
		1,362,506	3,994,199	1,154,898
Earnings per share on profit for the year attributable to owners of the Parent Company				
Basic and diluted	17	414.17	419.17	353.92

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary
Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company									
	Share capital (Note 11)	Capital in excess of par value	Treasury shares (Note 11)	Revaluation surplus (Note 18)	Remeasurements on retirement benefit (Note 10)	Retained earnings (Note 11)		Total	Non- controlling interest	Total equity
						Appropriated	Unappropriated			
Balances as at December 31, 2024	342,862	1,701,610	(15,036)	5,846,767	(65,648)	3,500,000	1,758,908	13,069,463	23,468	13,092,931
Comprehensive income										
Profit for the year	-	-	-	-	-	-	1,416,869	1,416,869	(7)	1,416,862
Other comprehensive income, net of tax										
Remeasurements on retirement benefits	-	-	-	-	(54,356)	-	-	(54,356)	-	(54,356)
Total comprehensive income for the year	-	-	-	-	(54,356)	-	1,416,869	1,362,513	(7)	1,362,506
Depreciation transfer of revaluation surplus	-	-	-	(9,781)	-	-	13,041	3,260	-	3,260
Transactions with shareholders										
Dividends declared (Note 11)	-	-	-	-	-	-	(716,986)	(716,986)	-	(716,986)
Balances as at December 31, 2025	342,862	1,701,610	(15,036)	5,836,986	(120,004)	3,500,000	2,471,832	13,718,250	23,461	13,741,711

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary
Consolidated Statements of Changes in Equity *(continued)*
For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company								Non-controlling interest	Total equity
	Retained earnings (Note 11)									
	Share capital (Note 11)	Capital in excess of par value	Treasury shares (Note 11)	Revaluation surplus (Note 18)	Remeasurements on retirement benefit (Note 10)	Appropriated	Unappropriated	Total		
Balances as at December 31, 2023										
Comprehensive income	342,862					3,500,000	917,342	9,677,386	23,475	9,700,861
Profit forthe year		-	-	-	-		1,433,977	1,433,977	(7)	
Other comprehensiveincome, net of tax	-					-				1,433,970
Fair value gains onland and buildings and building improvements	-	-	-	2,571,478	-	-	-	2,571,478	-	2,571,478
Remeasurements on retirement benefits	-	-	-	-	(11,249	-	-	(11,249)	-	(11,249)
Total comprehensive income for the year	-	-	-	2,571,478	)	-	1,433,977	3,994,206	(7)	3,994,199
Depreciation transfer of revaluation surplus	-	-	-	(9,718)	(11,249	-	12,957	3,239	-	3,239
Transactions with shareholders					)					
Dividends declared (Note 11)	-	-	-	-	-	-	(605,368)	(605,368)	-	(605,368)
Balances as at December 31, 2024	342,862	1,701,610	(15,036)	5,846,767	(65,648)	3,500,000	1,758,908	13,069,463	23,468	13,092,931

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary
Consolidated Statements of Changes in Equity *(continued)*
For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company								Non-controlling interest	Total equity
	Retained earnings (Note 11)									
	Share capital (Note 11)	Capital in excess of par value	Treasury shares (Note 11)	Revaluation surplus (Note 18)	Remeasurements on retirement benefit (Note 10)	Appropriated	Unappropriated	Total		
Balances as at December 31, 2022	342,862	1,701,610	(15,036)	3,294,725	1,464	600,000	2,986,865	8,912,490	23,482	8,935,972
Comprehensive income										
Profit for the year	-	-	-	-	-	-	1,210,768	1,210,768	(7)	1,210,761
Other comprehensive income, net of tax										
Remeasurements on retirement benefits	-	-	-	-	(55,863)	-	-	(55,863)	-	(55,863)
Total comprehensive income for the year	-	-	-	-	(55,863)	-	1,210,768	1,154,905	(7)	1,154,898
Depreciation transfer of revaluation surplus	-	-	-	(9,718)	-	-	12,957	3,239	-	3,239
Transactions with shareholders										
Dividends declared (Note 11)	-	-	-	-	-	-	(393,248)	(393,248)	-	(393,248)
Reversal of appropriation	-	-	-	-	-	(2,600,000)	2,600,000	-	-	-
Appropriation for the year	-	1,701,610	-	-	-	5,500,000	(5,500,000)	-	-	-
Balances as at December 31, 2023	342,862		(15,036)	3,285,007	(54,399)	3,500,000	917,342	9,677,386	23,475	9,700,861

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary
Consolidated Statements of Cash Flows

For each of the three years in the period ended December 31, 2025
(All amounts in thousands of Philippine Peso)

	Notes	2025	2024	2023
Cash flows from operating activities				
Profit before income tax		1,865,631	1,888,598	1,621,709
Adjustments for:				
Depreciation and amortization	6	873,039	768,008	681,387
Retirement benefit expense	10	110,441	102,285	90,027
Provision for impairment of receivables	3	86,501	-	82,372
Finance costs	20.2	43,615	30,518	11,651
Provision for claims	9	25,799	35,900	77,317
Provision for inventory losses	4	10,230	5,878	5,583
Loss on disposal of property and equipment	15	4,779	5,573	978
Unrealized foreign exchange gain, net	19	(321)	(2,304)	(826)
Interest income	2	(104,064)	(89,519)	(53,238)
Operating income before working capital changes		2,915,650	2,744,937	2,516,960
(Increase) Decrease in current assets:				
Receivables		(183,018)	(113,692)	121,322
Inventories		(53,624)	(21,419)	(1,104)
Prepayments and other current assets		(149,948)	(116,510)	(95,773)
(Decrease) Increase in current liabilities:				
Trade and other payables		(83,242)	287,018	(140,073)
Other current liabilities		(18,410)	19,344	(4,011)
(Increase) Decrease in other non-current assets		(1,823)	74,222	(1,498)
Increase (Decrease) in provisions		156	(2,713)	206
Cash generated from operations		2,425,741	2,871,187	2,396,029
Interest received		102,967	87,896	47,981
Settlement of provision for claims	9	(27,087)	(182,341)	(17,541)
Contribution to plan assets	10	(60,000)	(60,000)	(36,000)
Income taxes paid		(307,350)	(287,041)	(308,403)
Net cash provided by operating activities		2,134,271	2,429,701	2,082,066
Cash flows from investing activities				
Payments for property and equipment	6	(1,183,709)	(1,082,725)	(577,112)
(Increase) Decrease in advances made to suppliers for medical equipment	5	(12,440)	40,156	(82,802)
Proceeds from disposal of property and equipment		870	2,068	641
Net cash used in investing activities		(1,195,279)	(1,040,501)	(659,273)
Cash flows from financing activities				
Dividends paid	11	(672,800)	(591,549)	(380,943)
Payment of principal portion of lease liabilities	20.2	(98,447)	(97,578)	(121,403)
Payment of interest on lease liabilities	20.2	(43,615)	(30,518)	(11,651)
Net cash used in financing activities		(814,862)	(719,645)	(513,997)
Net increase in cash and cash equivalents		124,130	669,555	908,796
Cash and cash equivalents, January 1		3,351,710	2,679,851	1,770,229
Effect of exchange rate changes on cash and cash equivalents		321	2,304	826
Cash and cash equivalents, December 31	2	3,476,161	3,351,710	2,679,851

(The notes on pages 1 to 48 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

As at December 31, 2025 and 2024 and for each of the three years

in the period ended December 31, 2025

(In the notes, all amounts are shown in thousands of Philippine Peso unless otherwise stated)

1 General information

Medical Doctors, Inc. (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 23, 1963. Its primary purpose is to establish, operate, manage and own a hospital or hospitals, medical and chemical clinics and/or laboratories and such other enterprises that may have similar undertakings. The Parent Company operates under the trade name of Makati Medical Center (the "Hospital").

On December 31, 1970, the Parent Company attained its status of being a "public company". The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public corporation as any corporation with assets of at least P50 million and having 200 or more shareholders, each of whom holds at least 100 shares of its equity securities. As at December 31, 2025, the Parent Company has 1,133 shareholders (2024 - 1,124) each holding at least 100 shares of the Parent Company's common shares.

The Parent Company's major shareholders consist of local companies and individual medical practitioners, with percentages of ownership as at December 31, 2025 and 2024 as follows:

	As at December 31	
	2025	2024
Metro Pacific Health Corporation	33.65%	33.38%
Associated Holdings, Inc.	4.76%	4.76%
Dr. Remedios Suntay [†]	3.48%	3.48%
San Miguel Corporation	2.44%	2.44%
Dr. Benjamin N. Alimurung	1.27%	1.38%
	45.60%	45.44%

As at December 31, 2025, the remaining 54.40% (2024 - 54.56%) of the Parent Company's issued and outstanding shares are held by private individuals, local companies and practicing doctors of the Hospital. Of the total 3,420,737 outstanding shares in 2025, 95,019 shares or 2.78% are owned by the Parent Company's directors, officers and employees (2024 - 3,420,737 outstanding shares, 218,572 shares or 6.39%).

At December 31, 2025 and 2024, the Parent Company owns 60% of the shares of stocks of Computerized Imaging Institute, Inc. (CIII). CIII was incorporated and registered with the Philippine SEC on February 12, 1978 primarily to establish, operate, manage, own and maintain a tomography center and provide professional medical and surgical services and other similar undertakings.

On October 5, 2018, CIII's Board of Directors (BOD) decided to cease CIII's operations given the deteriorating financial situation. In 2019, CIII sold its property and equipment, settled most of its payables and liquified all assets including the collection of the receivables. However, CIII's operations will remain dormant until the BOD develops a more viable business model that best complements the operations of its Parent Company.

The Parent Company and CIII, its subsidiary, are collectively referred to as the "Group".

The Parent Company has its registered office address, which is also its principal place of business, at 2 Amorsolo corner dela Rosa Street, Legaspi Village, Makati City. CIII's registered business address is at 5th Floor, Keyland Centre, 143 Dela Rosa corner Adelantado Street, Legaspi Village, Makati City.

The Group has a total of 3,544 regular employees as at December 31, 2025 (2024 - 3,614).

These consolidated financial statements have been approved and authorized for issuance by the Parent Company's BOD on March 19, 2026.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	1,104	863
Cash in banks	921,042	1,256,804
Short-term cash placements	2,554,015	2,094,043
	<u>3,476,161</u>	<u>3,351,710</u>

Short-term cash placements as at December 31, 2025 and 2024 pertain to time deposits with local banks with maturity of less than three (3) months and earn annual interest at rates ranging from 3.50% to 5.63% in 2025 (2024 - 3.25% to 6.30%).

Interest income for cash deposits in banks, short-term cash placements and restricted cash (Note 5) for the year ended December 31, 2025 amounted to P104,064 (2024 - P89,519; 2023 - P53,238) (Note 15).

3 Receivables, net

Receivables, net as at December 31 consist of:

	Note	2025	2024
Patient receivables		1,064,325	966,014
Allowance for impairment of patient receivables		(289,776)	(334,704)
Net patient receivables		<u>774,549</u>	<u>631,310</u>
Receivables from employees and officers		29,443	33,608
Receivables from pharmaceutical and medical companies		24,144	19,884
Interest receivable		7,975	6,878
Receivable from a regulatory agency		6,799	9,613
Rent receivable	20.2	5,036	45,736
Other receivables		7,138	2,851
		<u>80,535</u>	<u>118,570</u>
Allowance for impairment of other receivables		-	(964)
Net other receivables		<u>80,535</u>	<u>117,606</u>
		<u>855,084</u>	<u>748,916</u>

Patient receivables arise from healthcare, accommodation and other ancillary services which are generally on a 15 to 30-day credit term. As at December 31, 2025, the carrying amount of patient receivables is net of professional fees billed on behalf of doctors as required by BIR Revenue Regulation No. 14-2013 amounting to P163,252 (2024 - P387,799). Such amounts, net of payment to doctors, are treated as liability upon collection and presented under other accruals within trade and other payables (Note 7).

Receivables from employees and officers pertain to non-interest-bearing cash advances which are settled through liquidation.

Receivables from pharmaceutical and medical companies are generally on a 30-day credit term.

Interest receivable pertains to accrued interest earned but not yet received from short-term placements with local banks (Note 2).

Receivable from regulatory agency pertains to receivable from SSS for benefits awarded to employees. These are generally settled within 30 days.

Other receivables include review fees, facility rentals, and storage charges billed to pharmaceutical companies, as well as doctors' retainers and affiliation and training fees from physicians and residents.

The Group's receivables are all denominated in Philippine Peso.

There is no concentration of credit risk with respect to patient receivables as the Group has a large number of both individual and corporate customers.

The movements in allowance for impairment of patient and other receivables for the years ended December 31 are as follows:

	Note	2025	2024
Allowance for impairment of:			
Patient receivables		334,704	463,958
Other receivables		964	964
Beginning of the year		335,668	464,922
Provision during the year	14	86,501	-
Write-off		(132,393)	(129,254)
End of the year		289,776	335,668

The Parent Company has written-off fully provided patient receivables after the Parent Company has exhausted all possible means of account recovery and has determined that the patients involved no longer have capacity to pay and most of the patients have already absconded.

Critical accounting estimate: Expected credit losses (ECL) on receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgments.

In determining the ECL of patient receivables, the Parent Company has used five (5) years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the gross domestic product, consumer price index, unemployment rate, and inflation to reflect the current and forward-looking information (Note 22.2.2).

The Parent Company also evaluates specific patients and/or debtors who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the patients and the patients' payment history.

4 Inventories, net

Inventories, net as at December 31 consist of:

	2025	2024
Pharmaceutical products	191,377	162,744
Laboratory and other hospital supplies	144,704	126,348
Office and housekeeping supplies	14,275	15,029
	350,356	304,121
Allowance for inventory losses	(5,773)	(2,934)
	344,583	301,187

Inventories are stated at cost less allowance for inventory losses, which is lower than the net realizable value. The cost of inventories recognized as expense and included in the cost of services for the year ended December 31, 2025 amounted to P2,511,328 (2024 - P2,192,268; 2023 - P1,988,571) (Note 14).

The movements in allowance for inventory losses for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	2,934	9,223
Provision during the year	10,230	5,878
Write-off	(7,391)	(12,167)
End of the year	5,773	2,934

For the year ended December 31, 2025, provision for inventory losses amounting to P10,230 (2024 - P5,878; 2023 - P5,583) has been recognized for expired and near expiry medicines and medical supplies and is presented as part of drugs, medicines and supplies expenses (Note 14).

Write-off pertains to expired inventories which are disposed by the Parent Company.

5 Prepayments and other current assets; Other non-current assets

Prepayments and other current assets as at December 31 consist of:

	2025	2024
Prepaid expenses	66,422	38,465
Advances to suppliers	2,373	7,158
	68,795	45,623

Prepaid expenses include payments for advance rental, employee uniforms and subscription, insurance, software license maintenance fees and building dues.

Other non-current assets as at December 31 consist of:

	2025	2024
Advances to suppliers	89,321	76,881
Refundable deposits	49,762	43,334
Restricted cash	14,937	19,542
	154,020	139,757

Advances to suppliers mainly consist of downpayments made for medical equipment purchased by the Parent Company. Changes in outstanding advances made in 2025 amounted to P12,440 (2024 - P40,156).

Refundable deposits as at December 31, 2025 and 2024 mainly include security deposits on lease agreements (Note 20.2) amounting to P41,977 (2024 - P36,699) and various deposits to utility companies which are refundable at the end of the contract term.

Restricted cash is earmarked for a specific use and is therefore not available for general use by the Group.

6 Property and equipment, net

Property and equipment, net as at December 31 consist of:

	At revalued amounts		At cost					
	Land	Buildings and improvements	Medical equipment, tools and instruments	Hospital furnishings, fixtures and office equipment	Leasehold parking spaces improvements	Office and parking spaces (Note 20.2)	Construction- in-progress	Total
As at January1, 2025								
Cost or revalued amount	7,490,560	5,466,712	4,821,532	2,238,636	322,850	1,121,757	93,164	21,555,211
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,420,083)	(3,220,002)	(1,717,624)	(197,961)	(526,820)	-	(8,082,490)
Net carrying value	7,490,560	3,046,629	1,588,133	521,012	124,889	594,937	93,164	13,459,324
For the year ended December 31, 2025								
Opening net carrying value	7,490,560	3,046,629	1,588,133	521,012	124,889	594,937	93,164	13,459,324
Additions	-	28,250	642,891	242,872	6	-	208,376	1,122,395
Transfer and reclassification	-	121,945	-	5,776	861	-	(128,582)	-
Depreciation and amortization, at cost	-	(177,095)	(381,687)	(164,331)	(19,086)	(117,799)	-	(859,998)
Depreciation, at appraisal (Note 18)	-	(13,041)	-	-	-	-	-	(13,041)
Disposals:	-	(13,041)	-	-	-	-	-	(13,041)
Cost	-	(820)	(139,610)	(23,016)	-	-	-	(163,446)
Accumulated depreciation	-	345	135,317	22,135	-	-	-	157,797
Closing net carrying value	7,490,560	3,006,213	1,845,044	604,448	106,670	477,138	172,958	13,703,031
As at December 31, 2025								
Cost or revalued amount	7,490,560	5,616,087	5,324,813	2,464,268	323,717	1,121,757	172,958	22,514,160
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,609,874)	(3,466,372)	(1,859,820)	(217,047)	(644,619)	-	(8,797,732)
Net carrying value	7,490,560	3,006,213	1,845,044	604,448	106,670	477,138	172,958	13,703,031

6 Property and equipment, net (continued)

Property and equipment, net as at December 31 consist of:

	At revalued amounts		At cost					
	Land	Buildings and improvements	Medical equipment, tools and instruments	Hospital furnishings, fixtures and office equipment	Leasehold parking improvements	Office and parking spaces (Note 20.2)	Construction- in-progress	Total
As at January1, 2024								
Cost or revalued amount	4,063,136	5,185,170	4,434,967	2,038,892	321,687	498,263	26,970	16,569,085
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,234,502)	(3,238,727)	(1,596,929)	(164,427)	(420,513)	-	(7,655,098)
Net carrying value	4,063,136	2,950,668	1,182,843	441,963	157,260	77,750	26,970	8,900,590
For the year ended December 31, 2024								
Opening net carrying value	4,063,136	2,950,668	1,182,843	441,963	157,260	77,750	26,970	8,900,590
Additions	-	142,946	712,783	215,832	-	623,494	210,692	1,905,747
Appraisal	3,427,424	1,212	-	-	-	-	-	3,428,636
Transfer and reclassification	-	137,384	-	5,951	1,163	-	(144,498)	-
Depreciation and amortization, at cost	-	(172,624)	(302,006)	(140,580)	(33,534)	(106,307)	-	(755,051)
Depreciation, at appraisal (Note 18)	-	(12,957)	-	-	-	-	-	(12,957)
Disposals:	-	-	-	-	-	-	-	-
Cost	-	-	(326,218)	(22,039)	-	-	-	(348,257)
Accumulated depreciation	-	-	320,731	19,885	-	-	-	340,616
Closing net carrying value	7,490,560	3,046,629	1,588,133	521,012	124,889	594,937	93,164	13,459,324
As at December 31, 2024								
Cost or revalued amount	7,490,560	5,466,712	4,821,532	2,238,636	322,850	1,121,757	93,164	21,555,211
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,420,083)	(3,220,002)	(1,717,624)	(197,961)	(526,820)	-	(8,082,490)
Net carrying value	7,490,560	3,046,629	1,588,133	521,012	124,889	594,937	93,164	13,459,324

Depreciation and amortization expense for each of the three years in the period ended December 31 charged to profit or loss is as follows (Note 14):

	2025	2024	2023
Cost of services	558,783	474,630	407,299
Administrative expenses	314,256	293,378	274,088
	873,039	768,008	681,387

Details of the Group's unpaid acquisitions of property and equipment for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	946,906	123,884
Acquisitions	1,122,395	1,282,253
Payments	(1,183,709)	(1,082,725)
End of the year	885,592	323,412

Unpaid acquisitions of property and equipment are disclosed as part of trade payables (Note 7).

6.1 Right-of-use assets

Additions to office and parking spaces pertaining to new leases entered into by the Parent Company for the year ended December 31, 2025 and 2024 are treated as right-of-use assets in accordance with PFRS 16 (Note 20.2).

6.2 Construction-in-progress

Construction-in-progress consists of costs incurred for the renovation of the Hospital's main building and various improvements for its leased office spaces.

Critical accounting estimate: Estimated useful lives of property and equipment

The useful life of each item of the Parent Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded expenses and decrease non-current assets.

Critical judgment: Recoverability of property and equipment

The carrying value of property and equipment is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period. Management believes, based on facts and circumstances at December 31, 2025 and 2024, that there are no indicators that the remaining carrying amount of property and equipment may not be recoverable.

6.3 Appraisal of land and buildings and building improvements

The fair value of the land as at December 31, 2025 was based on the latest appraisal report dated on February 13, 2025 determined by Colliers International Philippines, Inc. using the market approach. The fair value of the building and building improvements as at December 31, 2025 were based on the latest appraisal report dated on February 20, 2025 determined by Cuervo Appraisers, Inc. using the cost approach. These appraisals were conducted in 2024.

The Parent Company's land in Makati City where the Hospital is located has original cost of P600. Total land area is approximately 12,320 square meters. The land is carried at fair value as appraised on various dates as follows:

Date of appraisal	Appraised value per square meter (in million Pesos)
May 1, 1990	739
October 11, 2001	3,080
December 5, 2003	2,464
January 2, 2007	2,464
October 31, 2008	2,464
November 17, 2011	2,661
November 15, 2016	2,957
October 17, 2019	4,063
February 13, 2025	7,491

Based on the latest appraisal report, the appraised value for the Parent Company's buildings and building improvements amounted to P2,719,854. The appraisal is recognized as addition to revaluation surplus in the statements of total comprehensive income and in the statements of changes in equity for the year ended December 31, 2024. No new appraisal was conducted in 2025 as management assessed that the last appraisals continue to reflect current fair values and there are no significant indications of material changes. If the buildings and building improvements (both carried at revalued amounts) were stated at historical cost, the net carrying values as at December 31, 2025 would amount to P2,165,920 (2024 - P2,236,143).

The revaluation surplus from the foregoing assets, shown net of DIT liability, included in equity at December 31 is as follows (Note 18):

	2025	2024
Land	5,617,470	5,617,470
Buildings and building improvements	219,516	229,297
	5,836,986	5,846,767

Valuation techniques

Taking into account the most recent independent valuations, the Parent Company updates its assessment of the fair value of the land and buildings and building improvements. The Parent Company determines that the land and buildings and building improvements were valued within a range of reasonable fair value estimates where all resulting fair value estimates are categorized as fair value measurements using significant observable inputs (Level 2) and significant unobservable inputs (Level 3), respectively. Fair values of land have been derived using the market approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The most significant input into this valuation approach is price per square meter. Adjustments are then made to reflect factors affecting the value such as property location, desirability, neighborhood, utility, size and the time element involved.

Fair values of buildings and building improvements have been derived using cost approach. Under this approach, an estimate is made of the current cost of reproduction of the buildings in accordance with the prevailing market prices of materials, labor, contractor's overhead, profit and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and functional or economic obsolescence.

Buildings and building improvements at revalued amounts as at December 31 are as follows:

	2025	2024
Beginning of the year	3,046,629	2,950,668
Additions, appraisal, transfer and reclassification	150,195	281,542
Depreciation	(190,136)	(185,581)
Disposal	(475)	-
End of the year	3,006,213	3,046,629

Valuation process of the Group

The external valuations of the land and buildings and building improvements have been performed using observable and unobservable inputs, respectively. The external valuers, in discussion with the Finance team, has adopted the Market Approach - Comparable Transactions Method and Cost Approach - Modified Quantity Survey Method to estimate the value of the land and the cost of reproduction of the buildings, respectively.

The Market Approach - Comparable Transactions Method in estimating the market value of the land requires an analysis of the physical features of the land, the locational attributes, the availability of public services, and the quality of adjacent improvements that affect the market value of the land. Once a comparable property is identified that is similar with respect to physical, locational, and neighborhood features, an adjustment is made to compensate for any differences. Other aspects of comparability are also examined such as market conditions at the time of sale for the comparable properties, the financing used in the purchase and the property rights transferred.

The Modified Quantity Survey Method requires an analysis of the buildings by breaking them down into major components such as foundation, columns, beams, floorings, walls, roofing, etc. using workable units such as lineal meter, square meter, cubic meter or other appropriate basic unit.

Bills of quantities for each building component using the appropriate unit are prepared and related to the unit cost for each component developed on the basis of current costs of material, labor, plant and equipment prevailing in the locality to arrive at the direct costs of the buildings, whereupon indirect costs such as contractor's profit, overhead, taxes and fees and other related expenses are then added.

Valuations are performed with sufficient regularity at least once every three (3) to five (5) years enough to ensure that the fair value of the revalued asset does not differ significantly from its carrying value.

Information about fair value measurements as at December 31, 2025 and 2024 using significant observable inputs (Level 2) - Land

Valuation technique	Observable inputs	Cost per observable inputs	Relationship of observable inputs to fair value	Amount
Comparable transaction method	Price per square meter Area of land (size) Zoning / land use Condition of sale	P950-1,500/square meter -15% to -20% -30% 0 to -20%	The higher the cost per square meter, the higher the fair value. The greater the area, the less incremental area cost to develop, the lower the fair value. The lower the rate, the lower the fair value. The less ready for sale, the lower its fair value.	7,490,560

*Information about fair value measurements as at December 31 using significant unobservable inputs
(Level 3) - Building and building improvements*

Valuation technique	Unobservable inputs	Cost per unobservable inputs	Relationship of unobservable inputs to fair value	2025	2024
Cost approach	Cost per square meter	P30.9/square meter (2024 - P31.8/square meter)	The higher the cost per unit, the higher the fair value.	2,639,460	2,719,854

The sensitivity of the land and buildings and building improvements carried at fair value to changes in the significant observable and unobservable inputs as at December 31 is as follows:

	Impact on		
	Change in cost per square meter	Property and equipment	Profit before tax
2025			
Land	+/- 5%	+/- 374,528	-
Buildings and building improvements	+/- 5%	+/- 150,311	+/- 9,507
2024			
Land	+/- 5%	+/- 374,528	-
Buildings and building improvements	+/- 5%	+/- 152,331	+/- 9,279

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Critical accounting estimate: Fair value estimation of land and buildings and building improvements

In determining the fair value of land and buildings, the Group, through the professional services of the independent appraisers, utilized a combination of market and cost approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The technique of this approach requires the establishing of comparable property by reducing reasonable comparative sales and listings to a common denominator. Meanwhile, the value of the buildings and building improvements was arrived at using the cost approach. Under this approach, an estimate is made of the current cost of reproduction of the buildings in accordance with the prevailing market prices of materials, labor, contractor's overhead, profit and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and functional or economic obsolescence.

Critical accounting judgment: Frequency of valuations

Valuations are performed by an independent valuer having an appropriate recognized professional qualification. Valuations are completed in accordance with the Group's accounting policy, which is prepared in accordance with PFRS Accounting Standards. While the PFRS Accounting Standards do not specifically mandate the frequency of valuation to be performed, management assesses the need to obtain an independent valuation report based on movements in the fair value of land and building and building improvements. Where the fair value at the balance sheet date differs materially from its carrying amount, obtaining an independent valuation is necessary. If there is no indication that the movements in the fair value of land and building and building improvements are materially different from its carrying amount, management obtains an independent valuation once every three (3) to five (5) years.

As there were indicators that the inputs or assumptions used in the prior valuation may be materially different, management obtained an independent appraisal to determine the fair values as at December 31, 2024. This resulted to an additional appraisal surplus in 2024 as disclosed in Note 18. No appraisal was obtained in 2025 as management determined that the 2024 appraised values were not materially different from the fair value as at December 31, 2025.

7 Trade and other payables

Trade and other payables as at December 31 consist of:

	Note	2025	2024
Trade payables		859,682	953,726
Funds collected on behalf of medical and other organizations		166,821	205,023
Refundable deposits from corporate accounts		104,926	132,476
Payable to regulatory agencies		65,839	51,073
Accruals for:			
Contracted services		171,184	140,885
Repairs and maintenance		60,007	35,405
Professional services		36,347	62,985
Utilities		23,712	20,368
Dietary services		19,073	16,482
Employee benefits		1,076	933
Rent	20.2	2,199	1,825
Others		50,602	76,287
		<u>1,561,468</u>	<u>1,697,468</u>

Trade payables pertain to amounts due to suppliers from purchase of goods and services. These are settled within 30 to 60 days.

Funds collected on behalf of medical and other organizations pertain to research grants and subsidies received from medical and other organizations.

Payable to regulatory agencies pertains to withholding taxes, statutory contributions and collections from customers and employees in behalf of government agencies. These are normally settled within the following month. This also includes taxes payable that pertains to expanded withholding taxes on purchases of goods and services and withholding taxes on compensation. For withholding taxes, these are normally remitted the following month.

Accrued contracted services as at December 31, 2025 include purchasing services from related party amounting to P5,500 (2024 - P4,400) (Note 8.E) and various accruals for facilities and clinical technologies management and services, security and janitorial services.

Accrued repairs and maintenance represent obligations to suppliers for services rendered in connection with the repairs and maintenance of the Parent Company's property and equipment.

Accrued professional services mainly pertain to amounts payable to doctors relating to diagnostic reader fees and medical packages.

8 Related party transactions and balances

The table below summarizes the Group's transactions and balances with its related parties:

		Transactions for the years ended			Outstanding balances as at	
		December 31			December 31	
	Terms and conditions	2025	2024	2023	2025	2024
(A) Rental income <i>Key officers</i>	The Parent Company charges its key officers for the usage of clinic including electricity and water consumption. The rental income earned from key officers is presented as part of gross revenues (Note 12). Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are collectible on or before the 15th of the following month. The receivables from key officers are presented as part of receivables from employees and officers (Note 3).	1,222	1,222	1,383	8	87
(B) Collection on behalf of related parties <i>Key officers</i>	The Parent Company pays in cash its key officers for professional fees collected from patients. Outstanding balances are unguaranteed, unsecured, non-interest bearing, payable on demand and presented as part of other accruals (Note 7).	33,062	31,180	47,874	1,357	5,003
(C) Professional services <i>Key officers</i>	The Parent Company pays in cash its key officers for readers fees and professional fees included on medical packages. The amount is recognized as part of professional services presented in cost of services (Note 14). Outstanding balances are unguaranteed, unsecured and non-interest bearing, payable on demand and presented as part of accruals for professional services (Note 7).	11,407	10,653	9,627	230	966
(D) Dividend payments <i>Entity with significant influence Key officers</i>	The Parent Company paid dividends to its shareholders, net of the applicable withholding tax. Amounts are settled in cash. Refer to Note 11 for details of dividend declarations and payments.	241,273	202,068	131,264	-	-
		18,601	38,679	25,542	-	-
		259,874	240,747	156,806	-	-

		Transactions for the years ended December 31			Outstanding balances as at December 31	
	Terms and conditions	2025	2024	2023	2025	2024
(E) Shared expenses						
<i>Shareholder with significant influence</i>	The Parent Company is charged for its share in expenses on purchasing services rendered by its related party presented as part of contracted services under administrative expenses (Note 14). These are payable in cash within fifteen (15) days after receipt of billing. Outstanding balances are unguaranteed, unsecured, non-interest bearing, payable on demand and are presented as part of accruals for contracted services (Note 7).	1,100	1,100	1,100	5,500	4,400
(F) Contributions to plan assets						
<i>Post-employment benefit plan</i>	The Parent Company maintains a non-contributory retirement benefit plan covering all of its regular employees (Note 10).	60,000	60,000	36,000	-	-
(G) Compensation of key management						
<i>Salaries and other short-term benefits</i>	Key management compensation covering salaries and other short-term benefits are determined based on contract of employment and payable in accordance with the Parent Company's payroll period.	35,190	31,850	53,331	-	-
<i>Professional fees</i>	Professional fees are paid in cash to doctor consultants holding key management positions in the Hospital.	27,996	22,649	21,821	-	-
<i>Retirement benefits</i>	Retirement benefits are determined and payable in accordance with policies disclosed in Note 23.15. These were fully paid as at reporting period, except for retirement liability which will be settled upon retirement of key officers in accordance with the policies of the retirement benefit plan. The Group has not granted any share-based compensation and termination benefits to its key management personnel for each of the three years.	4,645	3,803	3,653	28,010	31,509
		67,831	58,302	78,805	28,010	31,509

		Transactions for the years ended December 31			Outstanding balances as at December 31	
Terms and conditions		2025	2024	2023		2023
(H) Revenues						
<i>Key Officers</i>	The Parent Company recognized revenue for hospital services provided to certain key officers and for hospital services provided to entities under common control for patient referrals from its partnerships with other hospitals.	519	238	395		82
<i>Entities under common control</i>		1,448	1,471	1,867		195
Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are collectible on or before the 30th day of the following month. These are presented as part of patient receivables (Note 3).						
		1,967	1,709	2,262	226	187
(I) Contracted services						
<i>Entity with common control</i>	The Parent Company outsourced certain clinical laboratory services to its related party presented as part of contracted services under administrative expenses (Note 14).	396,188	363,979	350,666	61,004	58,717
Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are payable on demand. These were fully paid as at reporting period.						

No allowance for impairment was recognized against receivables from related parties for the years ended December 31, 2025 and 2024.

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated financial statements:

	2025	2024
Investment in subsidiary / share capital	835	835
Receivables, net	17	8,580
Trade and other payables	(17)	(2)

Provisions

9

Provisions as at December 31 consist of:

	2025	2024
Current		
Provision for claims	19,008	25,090
Non-current		
Provision for medical benefits	102,888	102,732
Provision for claims	40,694	35,900
	143,582	138,632
	162,590	163,722

The movements in provision for claims for the years ended December 31 are as follows:

	Notes	2025	2024
Beginning of the year		60,990	207,431
Provision for the year	14,15	25,799	35,900
Settlement during the year		(27,087)	(182,341)
End of the year		59,702	60,990

Provision for claims

Provision for claims represents the Parent Company's best estimate of the probable cost that may arise from various pending unresolved claims in relation to Parent Company's normal course of business.

Critical accounting estimate, assumptions and judgment: Provision for claims

The Parent Company recognizes a provision for claims when it is probable that an outflow of resources embodying economic resources will result from the settlement of a present obligation, certain cases or general claims and the amount at which the settlement will take place can be measured reliably.

Provision for claims assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, appeal and ongoing negotiation with authorities and third party which by its nature is unpredictable. These provisions are based on management's estimates as a result of historical information of actual expenses/payments including expectation of future events and possible exposures that are believed to be reasonable under the circumstances.

Management believes that its assessment of the probability of provision for claims is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, management's assessment may prove ultimately to be incorrect, which could materially impact the consolidated financial statements in current or future periods.

Provision for medical benefits

Provision for medical benefits recognized as at December 31, 2025 and 2024 pertains to reserve liability arising from medical benefits covering certain affiliated doctors and qualified dependents. The provision is determined by an independent actuary based on the costs of medicines and supplies needed to fulfill the obligation. The provision as at December 31, 2025 and 2024 is based on the actuarial report dated on December 31, 2024. No new report was obtained in 2025 as management has determined that there are no significant changes in benefits and pattern of medical costs which may warrant remeasurement of liabilities.

The principal actuarial assumptions used as at December 31, 2025 and 2024 are as follows:

	2024
Discount rate	5% compounded annually
Future increase on projected medical benefits	4%-6% annually
Average life in years	53.4 years
Withdrawal rates	0%-7.5%
Utilization rates	5%-45%

The movements in provision for medical benefits for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	102,732	105,444
Provision	93,404	73,552
Actualization	(93,248)	(76,264)
End of the year	102,888	102,732

Provision recognized amounting to P93,404 for the year ended December 31, 2025 (2024 - P73,552) is presented as part of drugs, medicines and supplies account (Note 14).

Critical accounting estimate and assumptions: Provision for medical benefits

Provision for medical benefits is recognized based on management's best estimates of the likelihood that medical benefits will be realized considering the historical analysis of actualization. Management's assessment is developed in consultation with independent actuary and is based on an analysis of possible outcomes under various circumstances.

The Parent Company determines the appropriate discount rate at the end of each year. This is the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the said provisions. The discount rate was determined by reference to prevailing market rate on long-term and start up investments in Philippine financing and banking industry. The discount rate is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the provisions.

An actuarial update is to be made every two (2) years to ensure reasonableness of assumptions used based on the actual level and frequency of claims for medical benefits unless there are changes in benefits and actual pattern of medical costs that may warrant an immediate remeasurement of liabilities.

In any of the above cases, management uses estimates and judgments. While it is believed that the Parent Company's estimates are reasonable, actual results could differ from those estimates and judgments.

The recorded obligation at the end of each reporting period and the amount and timing of recorded expense for any period could be materially affected by actual experience and changes in those judgments.

In 2024, the Parent Company recognized additional provision amounting to P73,552 for the medical benefits of its qualified affiliated doctors and their dependents based on the latest actuarial report obtained on January 17, 2025 determined by E. M. Zalamea Actuarial Services, Inc. In 2025, the Parent Company recognized additional provision amounting to P93,404 for the medical benefits of its qualified affiliated doctors and their dependents based on the similar assumptions used in the latest actuarial computation. The carrying amount of provision for medical benefits at December 31, 2025 amounted to P102,888 (2024 - P102,732).

10 Retirement plan

The Parent Company maintains a non-contributory retirement benefit plan covering all of its regular employees. The normal retirement age is 60. The Parent Company's fund is administered by a trustee bank, governed by local regulations and practices and approved by the management of the Parent Company. The retirement plan is intended to provide benefit payments to employees ranging from 24 to 48 days basic pay depending on the number of service credit years which ranges from 10 to 40. Actuarial valuation is updated by an independent actuary every year.

The amounts recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2025	2024
Present value of defined benefit obligation	1,102,885	971,740
Fair value of plan assets	(307,086)	(298,856)
	795,799	672,884

The movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	971,740	896,883
Current service cost	69,560	64,282
Interest cost	59,276	54,710
Benefits paid from plan assets	(54,583)	(74,787)
Remeasurement loss	56,892	30,652
End of the year	1,102,885	971,740

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	298,856	281,283
Interest income	18,395	16,707
Contributions	60,000	60,000
Benefits paid	(54,583)	(74,787)
Remeasurement (loss) gain	(15,582)	15,653
End of the year	307,086	298,856

Plan assets as at December 31 consist of:

	2025		2024	
	Amount	Percentage	Amount	Percentage
Debt	235,610	77%	213,234	71%
Equity	72,245	23%	63,925	22%
Others	(769)	0%	21,697	7%
	307,086	100%	298,856	100%

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in government securities, although the fund also invests in shares of stocks and special deposit account. The majority of listed stocks are in a diversified portfolio of blue-chip entities.

The amount and timing of contributions to the fund are made at the Parent Company's discretion. The Parent Company contributed P60,000 to the fund for each of the years ended December 31, 2025 and 2024. Expected contributions to retirement benefit plan for the year ending December 31, 2026 is of the same amount.

The movements in the retirement benefit obligation recognized in the consolidated statements of financial position for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	672,884	615,600
Retirement benefit expense recognized in profit or loss	110,441	102,285
Remeasurements on retirement benefits recognized in other comprehensive income	72,474	14,999
Contributions during the year	(60,000)	(60,000)
End of the year	795,799	672,884

The movements in the remeasurements on retirement benefits recognized in the consolidated statements of financial position for the years ended December 31 are as follows:

	Note	2025	2024
Beginning of the year		(65,648)	(54,399)
Remeasurements on retirement benefits recognized in other comprehensive income		(72,474)	(14,999)
Deferred tax adjustment	16	18,118	3,750
End of the year		(120,004)	(65,648)

The components of the amount recognized in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	2025	2024	2023
Current service cost	69,560	64,282	54,655
Net interest cost	40,881	38,003	35,372
Retirement benefit expense charged to profit or loss	110,441	102,285	90,027
Remeasurement loss (gain) on defined benefit obligation			
Due to change in financial assumption	20,427	34,819	68,776
Due to demographic assumption	19,273	(3,599)	(2,298)
Due to experience adjustment	17,192	(568)	1,784
	56,892	30,652	68,262
Remeasurement loss (gain) on plan assets	15,582	(15,653)	6,222
Remeasurements on retirement benefits recognized in other comprehensive income	72,474	14,999	74,484

Retirement benefit expense is recognized in profit or loss under the following line items for the years ended December 31 (Note 14):

	2025	2024	2023
Cost of services	78,634	67,150	58,099
Administrative expenses	31,807	35,135	31,928
	110,441	102,285	90,027

The principal actuarial assumptions as at December 31 are as follows:

	2025	2024
Discount rate	6.36%	6.10%
Salary increase rate	7.00%	6.50%

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions regarding salary increase rates take into account the inflation, seniority, promotion, merit, productivity and other market factors. The salary increase rate affects all future years and not just the succeeding year. As such, the rate should be sustainable over the long-term.

Assumptions regarding future mortality rate are set based on advice from published statistics and experience in each territory.

Critical accounting estimate and assumption: Principal assumptions and estimation of Retirement benefit obligation

The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and rate of salary increase. Any changes in these assumptions will impact the carrying amount of the retirement benefit obligation.

The Parent Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Parent Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation.

The salary increase rate is used to project current salaries into the future to determine the amount of the salary related benefit payable at a future date considering the effects of productivity improvement, inflation and promotional increases. A higher salary increase rate will lead to a higher expected amount of benefits to be paid, and consequently, a higher retirement benefit obligation and retirement benefit expense.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption as at December 31 is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2025			
Discount rate	+/-1.00%	(93,791)	93,791
Salary increase rate	+/-1.00%	81,690	(92,262)
2024			
Discount rate	+/-1.00%	(67,387)	76,977
Salary increase rate	+/-1.00%	75,905	(67,746)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement plan, the Parent Company is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility** - The plan liabilities are calculated using a discount rate based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines Bloomberg BVAL reference rates benchmark reference curve for government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds; if plan assets underperform this yield, this will create a deficit.

As the plans mature, the Parent Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. However, the Parent Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Parent Company's long-term strategy to manage the plans efficiently.

- **Changes in bond yields** - A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- **Inflation risk** - Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
- **Life expectancy** - The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

As at December 31, 2025, the average remaining working life of the employees is 26.9 years (2024 - 27.4 years).

Expected maturity analysis of undiscounted retirement benefit payments as at December 31 is as follows:

	2025	2024
Less than a year	127,521	105,891
Between 1-2 years	253,984	215,410
Between 2-5 years	254,130	264,348
Between 5-10 years	663,437	620,934

11 Equity

Share capital, capital in excess of par value and treasury shares

Details of authorized share capital as at December 31, 2025, 2024 and 2023 in absolute amounts are as follows:

	Number of shares	Amount
Authorized share capital (P100 par value per share)		
Founders' shares	22	2,200
Common shares	3,949,978	394,997,800
Preferred shares	50,000	5,000,000
	4,000,000	400,000,000

Details of common shares issued and outstanding as at December 31, 2025, 2024 and 2023 are as follows:

<i>(P100 par value per share)</i>	Number of shares	Amount in thousands
Issued common shares	3,428,617	342,862
Treasury shares, at cost		
End of the year	7,880	15,036
Issued and outstanding	3,420,737	327,826

For the years ended December 31, 2025 and 2024, no additional shares were reacquired and no new shares were issued to practicing doctors.

Dividends payable

The Parent Company's BOD authorized and approved the declaration and payment of cash dividends to shareholder beneficiaries from retained earnings as at December 31 as follows:

Declaration date	Payment date	As of record date	Dividend per share	Total dividends
July 18, 2023	August 31, 2023	July 31, 2023	114.96	393,248
July 16, 2024	August 30, 2024	July 31, 2024	176.97	605,368
July 15, 2025	August 29, 2025	July 31, 2025	209.60	716,986

Details of unpaid dividends as at December 31 are as follows:

	2025	2024	2023
Beginning of the year	67,328	53,509	41,204
Declaration of dividends during the year	716,986	605,368	393,248
Payment of dividends during the year	(672,800)	(591,549)	(380,943)
End of the year	111,514	67,328	53,509

Retained earnings

On March 27, 2023, the Parent Company's BOD approved the reversal of the P600 million appropriation due to the completion of the Parent Company's expansion and renovation projects and continuous modernization of medical equipment. On the same day, the Parent Company's BOD approved the appropriation of P2 billion for the construction of a building expected to be completed in five (5) years.

On December 1, 2023, the Parent Company's BOD approved the reversal of the initial P2 billion appropriation and approved the appropriation of P3.5 billion due to an increase in estimated cost for the aforementioned construction and fit-out project. On March 19, 2025, the Parent Company's BOD approved the continued retention of the P3.5 billion appropriation as recommended by management after the latter revisited the Parent Company's expansion plans. The intention is to roll-out space planning and expansion projects, including the construction and fit-out of a building, in the next five (5) years. As at December 31, 2025, the expansion plan is still under discussion and remains at the planning stage, with management continuing to evaluate options for the planned expansion.

In addition, the Company plans to declare dividends of up to 50% of the 2025 net profit in 2026.

12 Gross revenues

Set out below is the disaggregation of the Group's sales of services for the years ended December 31:

	Note	2025	2024	2023
Patient revenue				
In-patient		5,577,710	5,083,930	4,654,763
Out-patient		5,814,908	5,329,977	4,942,130
		11,392,618	10,413,907	9,596,893
Rental income from doctors	20.2	43,160	42,169	41,588
		11,435,778	10,456,076	9,638,481

The Group's revenue substantially comprises of services whose revenues are recognized over time within the fulfillment of services which is one (1) day for emergency and out-patient services and an average of five (5) days for in-patient services.

The Group's sales of services for the years ended December 31 disaggregated by geographical location is as follows:

	Makati City	Quezon City	Total
2025			
Gross revenues	11,172,419	263,359	11,435,778
Discounts	(1,570,417)	(19,745)	(1,590,162)
Net revenues	9,602,002	243,614	9,845,616
2024			
Gross revenues	10,413,797	42,279	10,456,076
Discounts	(1,346,028)	(8,813)	(1,354,841)
Net revenues	9,067,769	33,466	9,101,235
2023			
Gross revenues	9,613,227	25,254	9,638,481
Discounts	(1,228,254)	(4,526)	(1,232,780)
Net revenues	8,384,973	20,728	8,405,701

13 Discounts

The components of discounts for the years ended December 31 are as follows:

	2025	2024	2023
Government mandated discounts	1,110,044	987,139	853,427
Company discounts	294,810	227,822	225,324
Promotional discounts	46,308	32,373	32,166
Charity programs	35,231	29,084	33,108
Doctors' discounts	19,294	17,546	15,242
Others	84,475	60,877	73,513
	1,590,162	1,354,841	1,232,780

14 Expenses by nature

The nature of expenses for the years ended December 31 is as follows:

	Notes	2025	2024	2023
Drugs, medicines and supplies	4	2,511,328	2,192,268	1,988,571
Salaries and wages		1,744,759	1,689,527	1,599,403
Depreciation and amortization	6	873,039	768,008	681,387
Professional services		648,792	669,738	623,344
Contracted services		636,975	542,442	541,009
Employee benefits		326,994	306,915	280,105
Repairs and maintenance		248,962	259,898	191,877
Utilities		242,821	224,588	235,812
Security and janitorial services		160,102	137,808	125,246
Dietary, linen and laundry services		130,002	107,250	96,753
Retirement benefits	10	110,441	102,285	90,027
Provision for impairment of receivables	3	86,501	-	82,372
Taxes and licenses		76,770	71,555	63,395
Commission		63,817	54,608	50,495
Computer programming and support		59,134	54,371	44,973
Entertainment and representation		54,435	52,314	34,661
Advertising		37,492	39,949	29,290
Training		24,853	20,133	19,280
Communication		18,393	17,216	15,366
Insurance		16,624	11,595	8,051
Transportation		11,677	9,163	9,556
Photocopying		8,927	8,766	9,201
Rent		6,753	10,371	12,869
Others	20.2	27,918	27,953	30,238
		8,127,509	7,378,721	6,863,281

The following are the classification of expenses in the consolidated statements of total comprehensive income for each of the three years in the period ended December 31:

	2025	2024	2023
Cost of services	5,942,550	5,446,895	4,968,380
Administrative expenses	2,184,959	1,931,826	1,894,901
	8,127,509	7,378,721	6,863,281

Cost of services mainly consists of drugs, medicine, dietary, linen, salaries and professional fees of doctors and nurses, utilities, depreciation of medical equipment, and repairs and maintenance expense.

Administrative expenses primarily consist of depreciation, contracted services, office supplies, utilities, taxes and licenses, communication and commission expense.

15 Other income, net

The components of other income, net for the years ended December 31 are as follows:

	Notes	2025	2024	2023
Interest income	2	104,064	89,519	53,238
Rental income from concessionaires	20.2	63,179	65,732	67,737
Income from other hospital services		50,809	44,003	44,388
Scrap sales		420	231	328
Foreign exchange gain, net	19	144	1,848	1,166
Loss on disposal of property and equipment		(4,779)	(5,573)	(978)
Provision for claims	9	(25,799)	(900)	(77,317)
Others		3,101	1,742	2,378
		191,139	196,602	90,940

Income from other hospital services mainly consists of parking income, affiliation and internship fees.

16 Income tax

Components of deferred income tax (DIT) liabilities, net as at December 31 are as follows:

	Notes	2025	2024
DIT assets			
Retirement of benefit obligation	10	198,950	168,221
Leases	20.2	133,604	158,216
Provision for impairment of receivables	3	69,518	80,991
Provision for medical benefits	9	25,722	25,683
Provision for impairment of property and equipment	6	3,349	3,349
Provision for claims	9	1,443	2,749
Provision for inventory losses	4	250	733
		432,836	439,942
DIT liabilities			
Appraisal surplus on:			
Land	6	(1,872,490)	(1,872,490)
Buildings and building improvements	6	(81,301)	(84,561)
Right-of-use-asset	20.2	(119,284)	(148,734)
		(2,073,075)	(2,105,785)
DIT liabilities, net		(1,640,239)	(1,665,843)

Critical accounting judgment: Realizability of DIT assets

Realization of the future tax benefit related to DIT assets is dependent on the Parent Company's ability to generate future taxable income during the periods in which the DIT assets are expected to be recovered. The Parent Company has considered these factors in reaching a conclusion as to the recognized DIT assets amounting to P430,197 as at December 31, 2025 (2024 - P439,942).

The analysis of the recoverability and settlement of DIT assets and liabilities as at December 31 follows:

	2025	2024
DIT assets to be recovered		
Beyond one (1) year	361,875	358,218
Within one (1) year	70,961	81,724
	432,836	439,942
DIT liabilities to be settled		
Beyond one (1) year	(2,069,815)	(2,102,546)
Within one (1) year	(3,260)	(3,239)
	(2,073,075)	(2,105,785)
	(1,640,239)	(1,665,843)

The movements in DIT assets for the years ended December 31 are as follows:

	Note	2025	2024	2023
Beginning of the year		439,942	347,309	401,852
(Charged) Credited to profit or loss		(25,224)	88,883	(73,164)
Credited to OCI	10	18,118	3,750	18,621
End of the year		432,836	439,942	347,309

The movements in DIT liabilities for the years ended December 31 are as follows:

		2025	2024	2023
Beginning of the year		2,105,785	1,122,568	1,147,975
(Charged) Credited to profit or loss		(29,450)	129,298	(22,168)
(Charged) Credited to OCI	18	(3,260)	853,919	(3,239)
End of the year		2,073,075	2,105,785	1,122,568

The movement in DIT liabilities charged to OCI for the year ended December 31, 2025 amounting to P3,260 pertains to depreciation transfer on revaluation surplus (2024 - credited to OCI of P853,919 includes recognition of deferred liability on land and buildings and building improvements appraisal amounting to P857,158, net of depreciation amounting to P3,239; 2023 - P3,239) (Note 18).

Income tax expense for the years ended December 31 consists of:

	2025	2024	2023
Current	452,995	414,213	359,952
Deferred	(4,226)	40,415	50,996
	448,769	454,628	410,948

The Parent Company prepared its annual income tax return for the years ended December 31, 2025, 2024 and 2023 using the rate of 25%. The reconciliation of income tax expense computed at the statutory tax rate to the actual income tax expense for the years ended December 31 is as follows:

	2025	2024	2023
Income tax expense at statutory tax rate of 25%	466,407	472,149	405,427
Tax effect of:			
Interest income subject to final tax	(26,016)	(22,380)	(13,309)
Depreciation on appraisal increase	3,260	3,239	3,239
Other non-deductible items	5,113	1,615	15,586
Unrecognized DIT assets	5	5	5
	448,769	454,628	410,948

17 Profit earnings per share

The following table presents information necessary to calculate basic and diluted earnings per share for the years ended December 31:

	2025	2024	2023
Profit attributable to owners of the Parent Company	1,416,869	1,433,977	1,210,768
Divided by:			
Weighted average number of common shares	3,421	3,421	3,421
Profit earnings per share - basic and diluted	414.17	419.17	353.92

There are no potential dilutive potential common shares for the years ended December 31, 2025, 2024, and 2023.

18 Revaluation surplus

The movements in revaluation surplus account for the years ended December 31 are as follows:

	Notes	2025	2024
Beginning of the year		5,846,767	3,285,007
Reversal of deferred tax on depreciation	16	3,260	3,239
Additional appraisal surplus on land and buildings and building improvements	6	-	3,428,636
Recognition of deferred tax liability on land and buildings and building improvements appraisal	16	-	(857,158)
Transfer of depreciation on appraisal to retained earnings	6	(13,041)	(12,957)
End of the year		5,836,986	5,846,767

19 Foreign currency denominated assets and liabilities

The Group's foreign currency denominated assets and liabilities as at December 31 is as follows:

	2025		2024	
	U.S. Dollar	Euro	U.S. Dollar	Euro
Current assets	105	-	377	-
Current liabilities	(5)	-	(36)	-
Net foreign currency denominated assets	100	-	341	-
Closing rate at December 31	58.81	69.25	57.85	60.47
Equivalents in Philippine Peso	5,881	-	19,727	-

Foreign exchange gain, net for the years ended December 31 is as follows
(Note 15):

	2025	2024	2023
Unrealized foreign exchange gain, net	321	2,304	826
Realized foreign exchange (loss) gain, net	(177)	(456)	340
	144	1,848	1,166

20 Commitments

20.1 Capital commitments

Capital expenditures relating to the on-going renovation of the buildings and equipment purchases contracted for at December 31, 2025 but not yet incurred amounted to P825,667 (2024 - P716,554).

20.2 Lease agreements

When the Parent Company is the lessee

The Parent Company entered into various lease agreements with a third-party lessor. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests of lessor.

(i) Clinical facilities, back office and parking spaces

On June 17, 2014, the Parent Company entered into a non-cancellable lease agreement with Adelantado Corporation covering certain floors at Keyland Centre to serve as additional clinical facilities of the Parent Company, its back office and parking spaces with a term of five (5) years beginning April 15, 2014 until April 14, 2019. In 2015, the lease term was amended and extended to ten (10) years beginning from its original commencement date until April 14, 2024. On March 8, 2024, the lease term was amended and extended for five (5) years from April 15, 2024 until April 14, 2029. The lease is renewable upon mutual agreement by both parties. The lease agreement includes an escalation rate during term of the lease.

The Parent Company paid the required refundable security deposit in relation to the foregoing lease agreement amounting to P20,314 as at December 31, 2025 (2024 - P13,384). The carrying amount of the refundable deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets (Note 5).

(ii) Wellness center and parking spaces

On January 25, 2019, the Parent Company entered into lease agreements with AREIT, Inc. covering office space to serve as the wellness center of the Parent Company and several parking lots. The lease agreements have various terms and renewable upon mutual agreement. Following is the summary of the leases:

Lessor	Location	Area/Parking stalls	Original term
AREIT, Inc.	Ayala North Exchange Tower 1	1,638.45 sq.m.; 21 parking stalls	February 1, 2019 to January 31, 2024 and extended until January 31, 2034
AREIT, Inc.	City Gate	101 parking stalls	January 1, 2019 to December 31, 2029
AREIT, Inc.	Ayala North Exchange Tower 1	28 parking stalls	May 1, 2019 to December 31, 2029

The Parent Company paid refundable security deposit in relation to the above lease agreements as at December 31, 2025 and 2024 amounting to P14,100. The carrying amount of the refundable deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets (Note 5).

(iii) Diagnostic center and renal services

On July 28, 2021, the Parent Company entered into lease agreements with ACI, Inc. covering commercial space to serve as the Diagnostic and Dialysis center of the Parent Company and generator set and machineries room. The lease agreements shall be for a period of five (5) years from October 1, 2021 to September 26, 2026.

In addition, the Parent Company entered into a lease agreement with Aldex Realty Corporation for the rental of Discovery Primea Condominium's third floor to be utilized as clinic and diagnostic center. The lease agreement shall be for a period of five (5) years from April 21, 2021 to April 20, 2026. The lease agreement includes provision for rent-free period.

The Parent Company paid refundable security deposit amounting to P4,720 as at December 31, 2025 and 2024. The carrying amount of the refundable deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets (Note 5).

(iv) Parking spaces

On July 8, 2024, the Parent Company entered into a lease agreement with Empresas Diesel Development, Inc. for the lease of 118 parking stalls at the 8th and 9th floors of Makati Commerce Tower to be utilized as valet parking for patients of the Parent Company. The lease agreement shall be for a period of three (3) years from July 16, 2024 to July 15, 2027.

The Parent Company paid refundable security deposit amounting to P2,843 as at December 31, 2025. The carrying amount of the refundable security deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets (Note 5).

(v) Others

The Parent Company has various operating non-cancellable lease agreements for the use of medical equipment, office furniture and other vehicles. Rent expense on short-term leases and low-value assets for the year ended December 31, 2025 which is presented under cost of services and administrative expenses amounted to P6,753 (2024 - P10,371; 2023 - P12,869) (Note 14). Accrued rent relating to leases of short-term and low-value assets as at December 31, 2025 amounted to P2,199 (2024 - P1,825) (Note 7).

Amounts recognized in the consolidated statements of financial position

Leased assets are presented as part of the property and equipment (Note 6) in the consolidated statements of financial position. The consolidated statements of financial position show the following amounts relating to leases as at December 31:

	Notes	2025	2024
<i>Right-of-use asset, net</i>			
Office and parking spaces	6	477,138	594,937
<i>Lease liabilities</i>			
Current		105,556	69,405
Non-current		397,970	532,568
		503,526	601,973
Deferred tax asset on:			
Right-of-use asset	16	133,604	158,216
Lease liabilities	16	(119,284)	(148,734)
		14,320	9,482

The movements in lease liabilities for the years ended December 31 are as follows:

	2025	2024
Beginning of the year	601,973	76,057
Additions during the year	-	623,494
Lease payments:		
Principal	(98,447)	(97,578)
Interest	(43,615)	(30,518)
Accretion of interest	43,615	30,518
End of the year	503,526	601,973

Amounts recognized in the consolidated statements of total comprehensive income

The consolidated statements of total comprehensive income show the following amounts relating to leases:

	Notes	2025	2024	2023
Depreciation of right-of-use assets				
Office and parking spaces	6	117,799	106,307	88,668
Interest expense (included in finance costs)		43,615	30,518	11,651
Expense relating to leases of low-value assets and short-term leases (included in cost of services and administrative expenses)	14	6,753	10,371	12,869
		168,167	147,196	113,188

(vi) Discount rate

The lease payments for all leased assets are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimates: Determine of incremental borrowing rate for leases

The Parent Company's lease payments were discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The discount rate applied by the Parent Company for its various lease agreements range from 4.51% to 8.17%.

(vii) Extension and termination options

Extension and termination options are included in the lease agreements of the Parent Company. These are used to maximize operational flexibility in terms of managing the assets used in the Parent Company operations. The extension and termination options are exercisable only upon written agreement by the Parent Company and the lessor under terms and conditions acceptable to both parties.

Critical accounting judgment: Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Parent Company considers the factors as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Parent Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Parent Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Parent Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in leases have not been included in the lease liability because renewal is unlikely given that there are no economic incentives present upon renewal, and/or there are no significant leasehold improvements in the leased premises. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Where the Parent Company is the lessor

The Parent Company has various non-cancellable agreements for leases of clinics and commercial spaces located within the Hospital to doctors and concessionaires for a period of not more than one (1) year and with renewal options for another year as mutually agreed by both parties. Refundable deposits from these lease agreements amounted to P10,217 as at December 31, 2025 (2024 - P28,627) which is presented as part of other current liabilities in the consolidated statements of financial position.

Rent income arising from these lease agreements amounted to P106,339 for the year ended December 31, 2025 (2024 - P107,901; 2023 - P109,325) (Notes 12 and 15). Rent receivable as at December 31, 2025 amounted to P5,036 (2024 - P45,736) (Note 3).

21 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

21.1 Critical accounting estimates and assumptions

- Expected credit losses (ECL) on receivables (Note 3)
- Estimated useful lives of property and equipment (Note 6.2)
- Fair value estimation of land and building (Note 6.3)
- Principal assumptions and estimation of provisions for claims (Note 9)
- Principal assumptions and estimation of provisions for medical benefits (Note 9)
- Principal assumptions and estimation of retirement benefit obligation (Note 10)
- Determination of incremental borrowing rate for leases (Note 20.2)

21.2 Critical accounting judgments

- Recoverability of property and equipment (Note 6.2)
- Frequency of valuation (Note 6.3)
- Provision for claims (Note 9)
- Realizability of deferred income tax assets (Note 16)
- Determination of lease term (Note 20.2)

22 Financial risk and capital management

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's management provides written principles for overall risk management as well as written policies covering specific areas of risks.

The more significant types of risks that the Group manages are market risk such as foreign currency risk and interest rate risk, credit risk and liquidity risk.

22.1 Components of financial assets and liabilities

Details of the Group's financial assets, classified as financial assets at amortized cost at December 31 are as follows:

	Notes	2025	2024
Cash and cash equivalents	2	3,476,161	3,351,710
Receivables, gross	3	1,108,618	1,041,363
Refundable deposits	5	49,762	43,334
Restricted cash	5	14,937	19,542
		4,649,478	4,455,949

Receivables at December 31, 2025 are presented gross of provision for impairment amounting to P289,776 (2024 - P335,668) and exclusive of receivable from a regulatory agency amounting to P6,799 (2024 - P9,613) and receivables from employees and officers amounting to P29,443 (2024 - P33,608) which are considered as non-financial assets.

Details of the Group's financial liabilities at amortized cost at December 31 are as follows:

	Notes	2025	2024
Trade and other payables	7	1,223,882	1,308,896
Lease liabilities	20.2	503,526	601,973
Dividends payable	11	111,514	67,328
Other current liabilities		17,679	36,088
		1,856,601	2,014,285

Trade and other payables exclude payable to regulatory agencies amounting to P65,839 (2024 - P51,073), refundable deposits from corporate accounts amounting to P104,926 (2024 - P132,476) and funds collected on behalf of medical and other organizations amounting to P166,821 (2024 - P205,023). Other current liabilities pertain to financial liabilities such as patient deposits and refundable deposits from the Parent Company's lessees (Note 20.2).

22.2 Financial risk management

The Group's financial risk management program is a continuing, proactive process that focuses on the identification and assessment of risk. To enable management to make strategic and informed decisions, the Group recognizes the importance of an effective financial risk management system.

The Parent Company's BOD, through the recommendation of the Audit Committee, reviews and approves policies for managing each of these risks.

The Group has no significant financial assets and liabilities that are exposed to price risk.

22.2.1 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group has no significant financial assets and liabilities that are exposed to foreign exchange risk. Details of the Group's foreign denominated assets and liabilities are shown in Note 19.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rates.

The Group has no significant financial assets and liabilities that are exposed to interest rate risk.

22.2.2 Credit risk

The Group is exposed to credit risks arising from its cash in banks, short-term cash placements, restricted cash, refundable deposits and primarily from its patient receivables because it is required to attend to the medical needs of private individual patients prior to considering their capability to pay. The maximum exposure to credit risk at reporting periods is the carrying value of financial assets as detailed in Note 22.1. Management continuously reviews and implements more stringent credit and collection policies to limit the amount of credit exposure to any patient. Also, the credit and collection department monitors the level of receivables from patients on an ongoing basis to design collection programs.

In addition to private individual accounts, corporate accounts also comprise a significant portion of the Group's clientele. These accounts include private companies (self-managed health plan), health maintenance organizations and insurance companies where credit terms and limits are pre-established.

As at December 31, 2025 and 2024, the Group's net receivables from its corporate accounts amounted to P353,443 (2024 - P307,248) comprising 47% (2024 - 49%) of its total net patient receivables (Note 3).

The Parent Company applies the PFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all patient receivables and the general approach is applied for cash and cash equivalents, other receivables and other non-current assets. The estimated impairment loss from these financial assets is deemed immaterial, except for patient receivables.

Cash in banks and short-term cash placements

To minimize credit risk exposure from cash in banks and short-term cash placements, the Group maintains cash deposits and short-term cash placements in reputable banks. The Group assesses that cash in banks and short-term cash placements have low credit risk considering the banks' external credit ratings.

Patient receivables

To measure the expected credit losses, patient receivables of the Parent Company have been grouped based on shared credit risk characteristics and days past due. Gross patient receivables from doctors and employees amounting to P43,745 (2024 - P43,669) were excluded in the assessment as credit risk is assessed to be insignificant for these groups. In calculating the expected credit loss rates, the Parent Company considers historical loss rates for each category of patients and adjusts for forward-looking macro-economic data. The Parent Company has identified the gross domestic product, consumer price index, unemployment rate, and inflation to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

In 2025, the Parent Company maintained its strong collection performance, reflecting the continued effectiveness of collection strategies such as patient financial counseling, as well as stable payment behavior from government and corporate accounts. This sustained performance resulted in a consistently high collection rate throughout the year and led to a further net reduction in the Parent Company's loss allowance as at December 31, 2025, compared with its balance at December 31, 2024.

In 2024, improved collection experience from government and corporate accounts allowed the Parent Company's collection rate to increase. This resulted in an overall lower loss allowance as at December 31, 2024 despite the aggregated net negative impact of the relevant forward-looking macroeconomic factors used in the calculation.

In determining the aging bracket of the patient receivables, management also continuously analyzes the historical collection profiles of the different groups of guarantors.

For corporate accounts, the Parent Company sustained stronger collection performance from corporate accounts in 2025 compared to 2024, reflecting the effectiveness of stricter implementation of the credit line agreements with corporate accounts.

For government accounts, management observed generally improved collections on more recurrent receivables, supported by government efforts to address longstanding claims backlogs during 2025 and 2024. However, aged receivables remain largely uncollected, resulting in higher ECL rates for aged accounts as at December 31, 2025 and 2024. Collection efficiency from government agencies further strengthened in 2025 following PhilHealth's top management directive to enhance overall claims processing. The improved collection performance in these two (2) segments resulted in a further net reduction in the Parent Company's loss allowance as at December 31, 2025 compared with its balance at December 31, 2024.

As at and for the years ended December 31, 2025 and 2024, the Parent Company's credit risk exposure in relation to patient receivables from private individual patients (excluding doctors and employees), corporate accounts and government agencies, which are collectively assessed for impairment, net of unapplied collections and professional fees billed on behalf of doctors are set out in the provision matrix as follows:

	Current	Within 30 days	31-60 days	61-90 days	Over 91 days	Total
2025						
Private individual patients						
Expected loss rates	4.6%	45.6%	52.9%	61.6%	84.9%	
Gross receivables	174,781	19,265	12,962	16,669	178,602	402,279
Loss allowance	7,990	8,786	6,863	10,264	151,593	185,496
Corporate accounts						
Expected loss rates	0.3%	0.6%	2.6%	3.7%	52.9%	
Gross receivables	220,971	112,936	1,955	1,923	36,408	374,193
Loss allowance	693	664	51	90	19,252	20,750
Government						
Expected loss rates	25.1%	26.9%	30.4%	46.5%	61.5%	
Gross receivables	82,613	69,621	74,033	26,234	15,067	267,568
Loss allowance	20,756	18,751	22,543	12,209	9,271	83,530
Total loss allowance	29,439	28,201	29,457	22,563	180,116	289,776
2024						
Private individual patients						
Expected loss rates	9.6%	58.5%	59.4%	69.7%	97.8%	
Gross receivables	182,498	15,230	22,317	14,096	174,883	409,024
Loss allowance	17,517	8,908	13,253	9,825	171,018	220,521
Corporate accounts						
Expected loss rates	0.3%	1.6%	4.9%	9.7%	99.0%	
Gross receivables	257,633	33,454	4,115	1,764	22,686	319,652
Loss allowance	774	546	200	171	22,417	24,108
Government						
Expected loss rates	23.9%	25.0%	27.5%	53.9%	100.0%	
Gross receivables	56,446	52,744	50,406	17,245	40,212	217,053
Loss allowance	13,514	13,186	13,873	9,290	40,212	90,075
Total loss allowance	31,805	22,640	27,326	19,286	233,647	334,704

Other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each pharmaceutical and medical companies and lessees. The credit quality is further classified and assessed by reference to historical information about each of the counterparty's historical default rates. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Group has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Other non-current assets

Other non-current assets include restricted cash held by a financial institution and refundable deposits for lease contracts and utility companies which are normally refundable at the end of the contract term. Credit risk exposure is not considered significant.

22.2.3 Liquidity risks

The Group's ability to make payments on its indebtedness and to fund its operations depends on its future performance and financial results. Historically, the Group's liquidity position is strong due to profitable operations. The Group generates significant cash from its operating activities and is able to meet all of its financial covenants included in the credit agreement with its lenders.

In 2025, the Group continued to strengthen its liquidity position by sustaining the operational initiatives implemented in prior years. In addition, the Group's ongoing shift toward leaner inventory requirements and strict management of operating expenses contributed to improved operating cash flows and enhanced working capital efficiency. These measures supported the Group's ability to meet its short-term obligations as they fall due and mitigated liquidity risk during the year.

To manage liquidity, the Group projects monthly cash flows from its operating, investing and financing activities and evaluates actual cash flow information to ensure that the immediate requirements of the Hospital are covered. Working capital requirements are also reviewed on a monthly basis and reported to the Parent Company's BOD and additional working capital loans are availed, if necessary.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<i>At December 31, 2025</i>					
Trade and other payables	1,223,882	-	-	-	1,223,882
Dividends payable	111,514	-	-	-	111,514
Other current liabilities	17,679	-	-	-	17,679
Lease liabilities	141,539	235,706	242,596	3,357	623,198
Future interest payables on leases	36,041	47,459	30,606	6,542	120,648
	1,530,655	283,165	273,202	9,899	2,096,921
<i>At December 31, 2024</i>					
Trade and other payables	1,308,896	-	-	-	1,308,896
Dividends payable	67,328	-	-	-	67,328
Other current liabilities	36,088	-	-	-	36,088
Lease liabilities	141,786	278,617	336,950	43,860	801,213
Future interest payables on leases	41,310	62,098	42,416	14,173	159,997
	1,595,408	340,715	379,366	58,033	2,373,522

22.3 Capital management

The Group's objectives when managing capital, which is the total equity, (excluding revaluation surplus, non-controlling interest and remeasurements on retirement benefits) as shown in the consolidated statement of financial position, include: (i) safeguarding the Group's ability to continue as a going concern; (ii) increasing the value of shareholders' investment; and (iii) providing sustainable returns and benefits for shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at December 31, 2025 and 2024, the Group is not subject to any specific restrictions or capital requirements. The Group has no outstanding borrowings and is not subject to any debt covenants.

The Parent Company is not subject to externally imposed minimum capitalization.

23 Summary of material accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Sustainability Reporting Standards Council (FSRSC) and Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and building improvements classified under property and equipment.

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 21.

New and amended standards adopted by the Group

The Group has applied the following relevant amendments for the first time for their annual reporting period commencing January 1, 2025:

- Lack of Exchangeability – Amendments to PAS 21

On August 15, 2023, the IASB amended PAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, PAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. This amendment did not have any impact on the amounts recognized in prior and current periods.

New and amended standards not yet adopted

Certain new accounting standards, and amendments and interpretations to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

The Group's assessment of the impact of the relevant new and amended standards is set out below:

- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)*

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- o clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- o clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- o add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- o update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

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PFRS 18 will replace PAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the consolidated financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- o The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- o The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss - this break-down is only required for certain nature expenses; and
 - for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
- o From a cash statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027.

Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

Annual Improvements to PFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after January 1, 2026)

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On July 18, 2024, the IASB has issued narrow amendments to PFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several PFRS Accounting Standards. The amended Standards are:

- o PFRS 1 First-time Adoption of International Financial Reporting Standards;
- o PFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing PFRS 7;
- o PFRS 9 Financial Instruments;
- o PFRS 10 Consolidated Financial Statements; and
- o PAS 7 Statement of Cash Flows.

The Group does not expect the Annual Improvements to PFRS Accounting Standards – Volume 11 to have a material impact on its operations or consolidated financial statements. The amendments largely consist of clarifications and minor revisions to existing Standards, and no significant changes to the Group's current accounting policies or disclosures are anticipated.

PFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2025, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements.

The Group does not expect PFRS 19 to have a material impact on its consolidated financial statements. While the Standard provides reduced disclosure requirements for eligible subsidiaries, the applicability of these reliefs will depend on the specific reporting structure of the Group. At present, no significant changes to the Group's disclosures are anticipated.

Contracts Referencing Nature-dependent Electricity – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)

On December 18, 2024, the IASB has issued targeted amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Nature-dependent electricity contracts help companies to secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. The amendments include:

- o clarifying the application of the 'own-use' requirements;
- o permitting hedge accounting if these contracts are used as hedging instruments; and
- o adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The Group does not expect the amendments on nature-dependent electricity contracts (including PPAs) to have a material impact on its operations or consolidated financial statements, as it does not typically enter into such contracts in the normal course of its hospital operations.

23.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for each of the three years in the period ended December 31, 2025. The subsidiary's financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between the subsidiary and Parent Company are adjusted properly.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

23.3

Classification and presentation

Financial assets

23.3.1 Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss) and (b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group did not hold financial assets under category (a) during and as at December 31, 2025 and 2024. The Group's financial assets under category (b) includes cash and cash equivalents (Note 2), receivables (Note 3) and other non-current assets (Note 5).

23.3.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

23.3.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit losses ECLs - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all patient receivables arising from individual patients, corporate accounts, health maintenance organizations and insurance companies. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

A loss allowance for full lifetime ECLs is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

Additionally, the Group elects an accounting policy to recognize full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with PFRS 15.

General approach

The Group applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

23.3.4 Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

23.3.5 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one (1) or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

23.3.6 Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

23.3.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

23.4 Financial liabilities

23.4.1 Classification and presentation

The Group classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss.

The Group did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

Other financial liabilities at amortized cost

Other financial liabilities at amortized cost are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

Details of the Group's financial liabilities are disclosed in Note 22.1.

23.4.2 Recognition and measurement

Financial liabilities are recognized in the consolidated statement of financial position when, and only when the Group becomes a party to the contract provisions of the instrument.

23.4.3 Derecognition

The Group removes a financial liability (or a part of a financial liability) from the consolidated statement of financial position if, and only if, it is extinguished such as when the obligation specified in the contract is discharged/settled, cancelled, expired, or there is a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) resulting to extinguishment of the original financial liability and the recognition of a new financial liability.

23.5 Fair value measurement

The Group classifies its fair value measurements of land and buildings and building improvements as Level 2 and Level 3, respectively. Please refer to Note 6.2 for the related disclosures.

The Group uses valuation techniques that are appropriate in circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one (1) or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group has no significant financial assets and liabilities carried at fair value.

The carrying amounts of financial assets and liabilities presented in Note 22.1 approximate their fair values at reporting period, as the impact of discounting is not significant considering that financial assets and liabilities generally have short-term maturities.

Significant non-financial assets of the Group include land and buildings and building improvements which are carried at fair value under Level 2 and 3 hierarchy, respectively. The Group has no other significant non-financial assets and liabilities carried at fair value.

23.6 Cash and cash equivalents

Short-term cash placements are presented as cash equivalents if they have a maturity of three (3) months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value.

Restricted cash are earmarked for a specific use and are therefore not available for general use by the Group. These are carried at face or nominal amount and presented as part of non-current assets in the consolidated statement of financial position.

23.7 Receivables

Patient receivables are amounts due from patients for the services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Patient receivables with average credit term of 15 to 30 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 23.3.

23.8 Inventories

The Parent Company determines the cost of inventory is determined using the moving-average method while the subsidiary uses specific identification method. The cost of inventories comprises of all costs of purchases and other costs incurred in bringing the inventories to their present location and condition, including any related input value-added tax (VAT) attributable to sale of goods and services that are VAT exempt. It excludes borrowing costs. Net realizable value (NRV) is the estimated selling price in the ordinary course of business, less cost of selling expenses.

Provision for inventory losses is provided for slow-moving and nearing expiry inventories based on physical inspection and management evaluation.

Write-offs represent the release of previously recorded provisions from the allowance account and credited to the related inventory account following the disposal of inventories. Destruction of the expired and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded provisions are credited to profit or loss within cost of services based on the result of management's update assessment, considering the available facts and circumstances, including but not limited to NRV at the time of disposal.

Inventories are derecognized from the consolidated statement of financial position when sold, consumed or written-off. When inventories are sold or consumed, the carrying amounts of these inventories are recognized as an expense in the period in which the related revenue is recognized.

23.9 Prepayments and other assets

Input VAT are recognized as assets to the extent it is probable that the benefit will flow to the Group. These are derecognized when applied against VAT due or when expired or written-off due to impairment.

Prepayments and other assets are included in current assets, except when the related goods or services are expected to be received or rendered more than 12 months after the reporting period which are classified as non-current assets.

23.10 Property and equipment

All property and equipment, except for land and buildings and building improvements, are recorded at cost less accumulated depreciation and any impairment. Construction-in-progress is stated at cost. The cost is subsequently transferred to specific property and equipment component, depending on the intended purpose, upon completion. Land and buildings and building improvements are carried at revalued amounts, which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses. Valuations are performed with sufficient regularity at least once every three (3) to five (5) years, enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

The increase of the carrying amount of an asset as a result of a revaluation is credited to other comprehensive income and accumulated in equity under the heading of 'revaluation surplus', unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in profit or loss. A revaluation decrease is charged directly against any related revaluation surplus reserve.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from revaluation surplus to retained earnings.

Depreciation on other property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings and building improvements	30 years or the remaining useful life, whichever is shorter
Leasehold improvements, office and parking spaces	Lease term or useful life, whichever is shorter
Building equipment	3-15 years
Medical equipment, tools and instruments	2-10 years
Hospital furnishings, fixtures and office equipment	2-5 years

Fully depreciated assets still in use by the Group are retained in the property and equipment accounts until these are retired.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

When revalued assets are sold or disposed, the related revaluation surplus included in equity is transferred directly to retained earnings.

23.11 Impairment of non-financial assets

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

23.12 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT assets are recognized for all deductible temporary difference that are expected to reduce taxable profit in the future to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. The Group re-assesses at each reporting period the need to recognize a previously unrecognized DIT asset, if any. DIT liabilities are recognized in full for all taxable temporary differences.

DIT tax is provided on the temporary difference between the carrying amount of the revalued property and equipment and its tax base.

23.13 Trade and other payables

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at the original invoice amount (as the effect of discounting is immaterial).

Trade and other payables are classified as current liabilities if payment is due within 1 year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are derecognized when the obligation under the liability is discharged or cancelled or expired.

Refer to Note 23.4 for the initial recognition, subsequent measurement and derecognition policies on financial liabilities.

23.14 Provisions

Provisions, including future obligations for free medical services as discussed in Note 9, are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one (1) item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the consolidated statement of financial position.

23.15 Employee benefits

(a) Retirement benefits

The Parent Company has retirement plan in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one (1) or more factors such as age, years of service or compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

(b) Short-term benefits

Wages, salaries, paid annual vacation and sick leave credits, and non-monetary benefits are accrued in the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

23.16 Equity

(a) Share capital

Share capital is measured at par value for all shares issued.

~~(b) Capital in excess of par value~~
Capital in excess of par value represents capital contribution in excess of par value of the share capital.

~~(c) Treasury shares~~

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity attributable to the Group's equity holders.

(d) Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration.

23.17 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the BOD of respective entities within the Group.

23.18

(a) Foreign currency transactions and translations

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

23.19 Revenue recognition

The Group recognizes revenue as control is passed, either (i) over time when the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs; or (ii) at a point in time when control is passed at a certain point in time as described below:

(a) Patient revenues

Patient revenue comprises the fair value of the consideration received or receivable from the sale of services in the ordinary course of the Group's activities, net of VAT (if applicable) and discounts.

The Group often provides discounts to underprivileged patients, senior citizens and employees. Discounts are presented within "Discounts" and deducted from gross revenues in profit or loss.

The Group classifies the patient revenues as in-patient, out-patient and emergency services.

In-patient, out-patient and emergency revenues are exempted from VAT, except for the sale of drugs and medicines arising from out-patient activities which are considered taxable transactions pursuant to the relevant provisions of the Consolidated Value-Added Tax Regulations of 2005 (Revenue Regulation 16-2005).

Patient revenues are recognized in the period when the services are rendered or when the Group has delivered products to the patient and the patient has accepted the products. In-patient, out-patient and emergency medical procedures are generally completed in a very short span of time and charges are captured and billed as of close of day. By the very nature of the services, no material performance obligation will remain uncompleted at each reporting period end, and thus, measuring the progress of the performance obligation is not considered necessary.

Professional fees of doctors included in the patient billing as required by BIR Revenue Regulation No. 14-2013 are recorded in a memorandum basis only as these are not revenues of the Group.

(b) Rent income

Rent income from lease of clinics and commercial spaces to doctors and concessionaires, respectively, under operating lease agreements are recognized on a straight-line basis over the term of the relevant leases and is shown within gross revenues in profit or loss.

(c) Interest income

Interest income on bank deposits and short-term placements which is presented net of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest method.

(d) Other income

Income from other services are recognized when rendered and when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

23.20 Costs and expenses

Costs and expenses are presented in the profit or loss according to their function.

23.21 Leases

When the Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

(i) Measurement of lease liabilities

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e., term, currency and security).

(ii) Measurement of right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

While the Group revalues its land and buildings and building improvements that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use office and parking spaces held by the Group.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (assets with value of P250 or less) comprise IT-equipment, vehicles, and small items of office furniture.

When the Group is the lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term.

Refundable deposits

Refundable deposit to guarantee the faithful compliance of the lessee of all the terms and conditions of the contract and answer for the obligations at the end of the contract is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Refundable deposits are included in current assets (when the Group is the lessee) or liabilities (when the Group is the lessor), except when those are expected to be received more than 12 months after the reporting period which are classified as non-current assets or non-current liabilities.

23.22 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Group and held as treasury shares (Note 23.16).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares at issue date.

23.23 Related party relationships and transactions

Related party relationship exists when one (1) party has the ability to control, directly, or indirectly through one (1) or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

23.24 Subsequent events (or events after the reporting date)

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.