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December 21, 2023

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.

2nd Floor Aklan Polyclinic and Drugstore Building
Goding Ramos Street, Kalibo
Aklan

Attention of: **Dr. Ferjanel G. Biron**
Chairman of the Board

Gentlemen:

We are pleased to submit this proposal letter to confirm our understanding of the arrangements for our audit of the financial statements of **ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.** (the Company) for the year ending December 31, 2023. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

Audit Responsibilities and Limitations

We will conduct our audit in accordance with Philippine Standards on Auditing (PSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We intend to assess the Company's existing internal control structure, solely for the purpose of determining the nature, timing and extent of our audit procedures. While an effective internal control structure reduces the likelihood that errors and irregularities (including misappropriation of assets) may occur and remain undetected, it does not eliminate the possibility. For that reason, and because of the test of nature and other inherent limitations of an audit, we cannot guarantee that material errors or irregularities, if present, will be discovered. However, we will bring to your attention any material misstatements and any fraudulent or illegal acts of which we become aware during our audit. In the unusual event that we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement.

As required by the SEC Memorandum Circular No. 13 (Series of 2003), we as your external auditor is required to and shall report to the Commission any of the following cases which may have been discovered based of PSAs, if the Company fails to disclose the same to the Commission under its current reports:

- a. Any material findings involving fraud or error, as defined under Section 3.2 and 3.3 of the circular;

- b. Losses or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company;
- c. Any findings to the effect that the consolidated assets of the Company, on a going concern basis are no longer adequate to cover the total claims of creditors.

The working papers prepared in conjunction with our work are the property of our Firm, constitute confidential and proprietary information and will be retained by us in accordance with our policies and procedures.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards;
- 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; and
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that we may request from management for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Fees and Other Arrangements

We estimate that our fees for the services referred to above to be P300,000 exclusive of value added tax. This estimate assumes we will receive appropriate assistance from your staff in the preparation of the schedules and other matters. We shall bill you as follows:

50% upon acceptance
50% at the end of our fieldwork

As our usual practice, travelling, meal and other out-of-pocket expenses incurred, in connection with this audit will be billed to you in addition to the audit fees. Billings are payable upon receipt.

In the event that you decide to discontinue with the engagement during the course of our audit, you agree to pay Querido Diel & Co., CPAs (QDC) for the actual time charges of QDC's partners and staff at our billing rates plus VAT, incurred from the engagement commencement date until the date QDC has been informed in writing of such decision, less any payments made.



Reporting

At the completion of our work, we shall submit to you the following:

- a. Audited financial statements as of and for the calendar year ending December 31, 2023 and our report thereon, as an independent public accountant;
- b. Summary of significant findings and comments, if any, as a result of our review of existing internal control and recommendations.

The form and content of our report may need to be amended in the light of our audit findings.

Other Provisions

QDC's maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to QDC for the portion of its services or work products giving rise to such liability. In no event shall QDC be liable for consequential special, incidental or punitive loss, damage, or expense (including without limitation, lost profits, opportunity costs, etc.) even if it has been advised of their possible existence.

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC. shall indemnify and hold harmless QDC and its personnel from and against any claims, liabilities, costs, and expenses (including, without limitation, attorney's fees and the time of QDC personnel involved) brought against, paid, or incurred by QDC at any time and in any way arising out of or relating to QDC services under this letter, except to the extent finally determined to have resulted from the gross negligence or willful misconduct of QDC personnel. This provision shall survive the termination of this agreement for any reason.

This proposal is strictly confidential. It is made available to ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC. management on the strict understanding that it will not be shown, read or passed to any other person who is not a current employee of your organization.

Acknowledgment

If these arrangements are in accordance with your understanding, please sign and return to us the enclosed copy of this letter. We appreciate this opportunity to be of service to you and assure that this engagement will be given our close attention.

Very truly yours,

QUERIDO DIEL & CO., CPAs



By: **RICHARD S. QUERIDO**
Managing Partner

Agreed and acknowledged:

ASIA PACIFIC MEDICAL CENTER (APMC) – AKLAN INC.

By: _____ Date: _____

