

SEC Number : CS201421675
File Number : _____

**ALLIED CARE EXPERTS (ACE) MEDICAL
CENTER-CEBU INC.**

(Company's Full Name)

982 N. Bacalso Avenue, Brgy Basak Pardo, Cebu City 6000

(Company's Address)

008-899-890-000

(TIN Number)

09275071829

(Telephone Number)

-

(Fax Number)

SEC FORM 20-IS
DEFINITIVE INFORMATION STATEMENT

Form Type

Each Active Secondary License Type and File Name: NONE



982 N. Bacalso Avenue, Barangay Basak Pardo, Cebu City Philippines
www.acemedicalcentercebu.com / (032) 2655833

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

DEAR STOCKHOLDERS:

Please be informed that the Annual Stockholders' Meeting of Allied Care Experts (ACE) Medical Center-Cebu Inc. ("ACE-Cebu") will be held on August 15, 2022 (Monday) at 7:00 o'clock in the morning, via Zoom Webinar, in light of the COVID pandemic.

For the conduct of the Webinar, please register on or before August 7, 2022, through the following link:
https://us06web.zoom.us/webinar/register/WN_OuQllpQwQdK_hMgQsC_5SQ

Once you have successfully registered, you will receive a confirmation email containing information about the webinar meeting.

The link will provide you the process for the registration. You will receive a confirmation email once you have successfully registered in the platform, including the details and procedures in the conduct of the meeting. Voting will be done via the online tool which you can access once you have logged in to the Webinar.

The meeting shall be recorded (visual and audio) for future reference.

The Agenda:

- I. Call to Order
- II. Invocation
- III. Determination of Quorum
- IV. Welcome Message from the Chairman of the Board
- V. Reading and Approval of the Minutes of the Y2021 Annual Stockholders' Meeting
- VI. Annual Financial Report
- VII. President's Report
- VIII. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
- IX. Election of the Board of Directors
- X. Appointment of External Auditor for the year 2022
- XI. Other Matters
 - a. Amendment of Article 2 Section 1 of the Bylaws on the schedule of the Annual Stockholders' Meeting from every 2nd Sunday of April to every 3rd Monday of August each year
- XII. Adjournment

Only stockholders of record at the close of business on July 25, 2022 (Record Date) shall be entitled to notice of and to vote at the meeting. If you cannot personally attend the meeting, you may opt to send your proxy to attend in your behalf. Kindly submit your duly executed proxy form with the undersigned, via email, at adminofficer@acemedicalcentercebu.com not later than August 7, 2022, to enable your proxy to register in the Zoom Webinar. Attached is a sample proxy form for your reference. [NOTE: Management is not soliciting proxies.]

The Information Statement and Management Report and SEC Form 17-A are available at the Corporation's website at www.acemedicalcentercebu.com.

You may contact the undersigned via email at adminofficer@acemedicalcentercebu.com or at telephone number: 032-2655833 local 814 if you have inquiries/concerns regarding the meeting.

Very truly yours,

MA. ASUNCION HIPOLITA B. LIBRE, MD
Corporate Secretary

PROXY

The undersigned, being a stockholder of Allied Care Experts (ACE) Medical Center-Cebu Inc. (the "Corporation"), do hereby appoint and empower _____, as proxy to act and vote in the stockholder's name and stead, at the Annual Stockholders' Meeting of the Corporation to be held on August 15, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2022.

(Signature over Printed Name of Stockholder)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-1S

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **ALLIED CARE EXPERTS(ACE) MEDICAL CENTER-CEBU INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: CS201421675
5. BIR Tax Identification Code: 008-899-890-000
6. Address of Principal Office: Postal Code:
 982 N. Bacalso Avenue, Brgy Basak, Pardo, Cebu City 6000
7. Registrant's telephone number, including area code: (032) 2655833
8. Date, time, and place of the meeting of security holders:
 Date : August 15, 2022
 Time : 7:00 a. m.
 Place : 982 N. Bacalso Avenue, Brgy Basak, Pardo, Cebu City
 Via Zoom Webinar
9. Approximate date on which the Information Statement is first to be sent or given to security holders: July 25, 2022
10. In case of Proxy Solicitations: NOT APPLICABLE
- Name of Person Filing the Solicitation Statement:
 Address and Tel. No. :
11. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding |
|---------------------|--|
| Founder's Shares | 600 |
| Common Shares | 172,296 |
| Preferred Shares | 0 |
12. Are any or all registrant's securities listed in a Stock Exchange?
 Yes _____ No ☒ x

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, time, and place of meeting of security holders.

(a) The stockholders' meeting shall be held on:

Date : **August 15, 2022**

Time : **7:00 a. m.**

Place : **982 N. Bacalso Avenue, Brgy Basak, Pardo, Cebu City**
Via Zoom Webinar

The meeting was moved to the abovementioned date to enable the Corporation to complete its preparation for the meeting.

Complete Mailing Address of Principal Office of Registrant:

982 N. Bacalso Avenue, Brgy. Basak Pardo, Cebu City 6000

(b) The approximate date on which the information statement is first to be sent and given to security holders shall be **July 25, 2022**.

Dissenter's Right of Appraisal

The proposed amendment of Article 2 Section 1 of the Bylaws on the schedule of the Annual Stockholders' Meeting from every 2nd Sunday of April each year to every 3rd Monday of August each year, will not give rise to a possible exercise by security holders of their appraisal right. Generally however, under Section 80, Title X of the Revised Corporation Code of the Philippines, the stockholders of the Corporation have the right of appraisal under the following instances:

- a. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
- c. In case of merger or consolidation; and
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided that failure to make the demand within such period shall be deemed a waiver of the

appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate of stock representing the stockholders' shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer or nominee for election as director of the Company, or associate of a director, officer, or nominee for election as director has any substantial interest in any matter to be acted upon, other than election to office. No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of **May 31 2022:**

	Shares Outstanding	No. of Vote Each Share Is Entitled
Common Shares:		
Filipino	172,296	One (1) vote per share
Foreign	0	One (1) vote per share
Total	172,296	

(b) Record Date:

All stockholders of record as of **July 26, 2022** are entitled to notice of and to vote at the Annual Stockholders' Meeting.

(c) Manner of voting:

The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of May 31, 2022.

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of May 31, 2022, are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Founder	Amado Manuel C. Enriquez, Jr., Quezon City, Metro Manila, Stockholder	Amado Manuel C. Enriquez, Jr./ Spouse, Father	Filipino	Founder – 60 Common – 14,940	8.76%
Common Founder	Marilyn R. Enriquez, Quezon City, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Miguel Antonio R. Enriquez, Quezon City, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Michael Edward R. Enriquez, Quezon City, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Nicolas S. Molon, Las Pinas, Metro Manila, Stockholder	Nicolas S. Molon/ Spouse, Father, In-law	Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Edna R. Molon, Las Pinas, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Jan Noel R. Molon, Las Pinas, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Myla Noreen R. Molon, Las Pinas, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%
Common Founder	Flordelis M. Nasol, Metro Manila, Stockholder		Filipino	Founder – 10 Common – 2,490	1.46%

(2) Security Ownership of Directors and Management as of May 31, 2022:

(1) Title of Class	(2) Name of Beneficial Owner	Position	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) Percentage (%) of Class
	Board of Directors:				
Common Founder	Amado Manuel C. Enriquez, Jr.	Director	(Direct) Founder – 60 Common – 14,940 (Indirect) Founder – 30 Common – 7,470	Filipino	13.19%
Common Founder	McArthur Conrado A. Salonga, Jr.	Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Geanie Cerna-Lopez	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Common Founder	Nicolas S. Molon	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 40	Filipino	7.32%

			Common – 9,960		
Common Founder	Ma. Asuncion Hipolita B. Libre	Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Elda Grace G. Anot	Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Evangeline Y. Zozobrado	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 20 Common – 4,980	Filipino	4.40%
Common Founder	John Clifford E. Aranas	Independent Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Velma T. Chan	Director	(Direct) Founder – 20 Common – 4,986	Filipino	2.93%
Common Founder	Roberto M. De Leon	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Common Founder	Fay Jasmine G. De los Santos	Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Florentina U. Ty	Independent Director	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Joy C. Luna	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Common Founder	John Jerlyn G. Cruz	Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Common Founder	Ronald L. Ramiro	Independent Director	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Total for Directors			100,006		58.57%

Executive Officers:

Common Founder	McArthur Conrado A. Salonga, Jr.	President	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Geanie Cerna-Lopez	Vice President	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 10 Common – 2,490	Filipino	2.93%
Common Founder	Evangeline Y. Zozobrado	Assistant Treasurer	(Direct) Founder – 10 Common – 2,490 (Indirect) Founder – 20 Common – 4,980	Filipino	4.40%
Common Founder	Ma. Asuncion Hipolita B. Libre	Corporate Secretary	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%

Common Founder	Enjel A. Gabriel	Treasurer	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Marietta T. Samoy	Assistant Corporate Secretary	(Direct) Founder – 10 Common – 2,490	Filipino	1.46%
Total for Executive Officers			22,500		13.17%
Directors and Executive Officers as a Group			102,506		60.03%

(3) There are no voting trust holders of 5% or more.

(4) The Company is not aware of any voting trust agreement/s or similar agreement/s which may result in a change in control of the Company.

(e) No change in control of the registrant has occurred since the beginning of its last fiscal year.

Directors and Executive Officers

(a) Directors/Nominees and Executive Officers

There are fifteen (15) members of the Board, three (3) of whom are independent directors. The term of office of each member is one (1) year; they are elected at the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until his/her successor is elected and qualified. A director who is elected to fill any vacancy holds office only for the unexpired term of his predecessor. The current members of the Board of Directors are the following:

1. Amado Manuel C. Enriquez, Jr.
2. McArthur Conrado A. Salonga, Jr.
3. Geanie Cerna - Lopez
4. Nicolas S. Molon
5. Evangeline Y. Zozobrado
6. Velma T. Chan
7. Ronald L. Ramiro – Independent Director
8. John Jerlyn Cruz
9. Roberto de Leon
10. John Clifford Aranas – Independent Director
11. Florentina Ty – Independent Director
12. Elda Grace Anot
13. Joy C. Luna
14. Ma. Asuncion Hipolita B. Libre
15. Fay Jasmine de los Santos

Please refer to Annex A (pages 20 to 27) for the profiles of the abovementioned directors.

Nominees for Election as Members of the Board of Directors

The following have been nominated to the Board for the ensuing year:

1. Amado Manuel C. Enriquez, Jr.
2. Nicolas S. Molon
3. McArthur Conrado A. Salonga, Jr.
4. Evangeline Y. Zozobrado
5. Velma T. Chan
6. Julio L. Gonzalez
7. Roberto de Leon
8. Marietta T. Samoy
9. Joy C. Luna
10. Ma. Asuncion Hipolita B. Libre
11. Neonita C. Antigua
12. Felix N. Nolasco
13. Chua, Edward A. – Independent Director
14. Orillaza, Marissa A. – Independent Director
15. Tan, Ma. Luisa S. – Independent Director

Please refer to Annex A (pages 20 to 27) for the profiles of the abovementioned nominees.

The Company has complied with the guidelines on the nomination and election of independent directors as set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The independent directors, Chua, Edward A., Orillaza, Marissa A., and Tan, Ma. Luisa S. were nominated by Chan, Velma T., Enriquez, Michael Edward R., and Chua, Edward A., respectively. The nominees are not related to their respective nominating stockholder and were pre-screened by the Nominations Committee composed of John Clifford E. Aranas (Chairman/Independent Director), Roberto M. de Leon (Member), and Ronald L. Ramiro (Member/Independent Director).

The Company's key executive officers as of May 31, 2022 are as follows:

McArthur Conrado A. Salonga, Jr.	- President
Geanie Cerna - Lopez	- Vice-President
Evangeline Y. Zozobrado	- Treasurer
Ma. Asuncion Hipolita B. Libre	- Corporate Secretary
Enjel A. Gabriel	- Assistant Treasurer
Marietta T. Samoy	- Assistant Corporate Secretary

The Officers (per the Company's By-Laws) are elected/appointed annually by the Board of Directors during its organizational meeting following the annual stockholders' meeting, each to hold office for one (1) year until the next organizational meeting of the Board in the following year or until a successor shall have been elected/appointed and shall have qualified.

Please refer to attached Annex "A" (pages 20 to 27) for the summary of qualifications of the current Directors/Nominees and Executive Officers.

Significant Employees

The Corporation relies significantly on the continued collective efforts of its senior executive officers and expects each employee to do his share in achieving the Corporation's goals.

Family Relationships

Except for Drs. Amado Manuel C. Enriquez, Jr. and Miguel Antonio R. Enriquez, who are father and son, respectively, Dr. Nicolas Molon and Mrs. Edna Molon, who are husband and wife, Dr. Geanie Cerna – Lopez and Dr. Mark Joseph Lopez, who are mother and son, respectively, Dr. Evangeline Zozobrado, Col. Agustin Zozobrado and Dr. Pamela Zozobrado, who are spouse and daughter, respectively, Dr. Ronald Ramiro and Dr. Jane Ramiro, who are husband and wife, Dr. Roberto de Leon and Dr. Rhodora de Leon, who are husband and wife, Dr. Ronald Ramiro and Dr. Jane Ramiro, who are husband and wife, and Ms. Joy Luna and Ms. Floram Limotlimot, who are sisters, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

Certain Relationships and Related Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its stockholders. Outstanding balances are settled through cash.

The advances were provided by the stockholders in order to fund the operational requirements of the hospital.

A summary of the transactions and account balances with related parties follows:

March 31, 2022 (Unaudited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Major Shareholders	Advances	₱11,100,000	₱37,600,000	Non-interest bearing; Payable in cash; No scheduled repayment terms	Unsecured

December 31, 2021

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
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Major Shareholders	Advances	₱26,500,000	₱26,500,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
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Cash Advances

The Company obtains cash advances from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Involvement in Certain Legal Proceedings

As of May 31, 2022, the following directors are parties to legal proceedings in their capacity as directors of the Company:

1. Geanie A. Cerna-Lopez
2. Velma T. Chan
3. Amado Manuel C. Enriquez, Jr.
4. Nicolas S. Molon
5. Ronald L. Ramiro
6. Marietta T. Samoy
7. Evangeline Y. Zozobrado
8. Joy C. Luna
9. Roberto M. de Leon
10. Felix P. Nolasco

The following Directors were not named respondents to the proceedings since they were not yet Directors of the Company at the time the cases were filed:

1. McArthur Conrado A. Salonga, Jr.
2. Ma. Asuncion Hipolita B. Libre
3. John Clifford Aranas
4. Elda Grace Anot
5. John Jerlyn Cruz
6. Fay Jasmine delos Santos
7. Florentina Ty
8. Julio L. Gonzalez
9. Marissa A. Orillaza
10. Edward A. Chua
11. Ma. Luisa S. Tan
12. Neonita C. Antigua

Civil Case No. R-CEB-18-01248-CV, Branch XI, Cebu City (Complaint for Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's

Fees) - Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia vs. ACE Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald L. Ramiro, Marietta T. Samoy and Evangeline Y. Zozobrado

On March 7, 2018, complainants Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia, through counsel filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint. However, the complaint for Manila based Doctors are yet to be served.

The Defendants filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. The case was scheduled for Mediation on July 14, 2021. Since an agreement was not reached, another mediation was scheduled on July 29, 2021. No agreement was reached so it was sent back to court for judicial dispute resolution, which was held on February 9, 2022. Since the JDR failed, it was scheduled for pre-trial. It was scheduled for pre-trial on June 3, 2022.

Civil Case No. R-CEB-18-00601-CV, Branch XI, Cebu City (Complaint for Issuance of Certificate of Stock, Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's Fees) – Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez, Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald S. Ramiro, Marietta T. Samoy, and Evangeline Y. Zozobrado

On February 5, 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgment, but the same was opposed by the defendants on May 15, 2018. The Court has not yet ruled on the plaintiff's Motion for Partial Summary Judgment of May 2, 2018. Unless the Court resolves the Motion for Summary Judgment by the plaintiff, the case will not move on.

The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for Mediation on June 16, 2021. Since an agreement was not reached, the pre-trial on August 13, 2021 will proceed as scheduled. On November 5, 2021, a hearing was held but no resolution. Another hearing was scheduled last March 4, 2022 but plaintiff was unavailable. On April 22, 2022, another

hearing was scheduled but plaintiff requested that his previous manifestation be addressed first. Next hearing schedule will be on June 24, 2022.

Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. Al vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez and Velma T. Chan

The Petitioners have filed a Special Civil Action case for Mandamus, to compel the Respondents to immediately issue their 100% pre-emptive rights. The Petitioners claim they are entitled to 10 shares based on their computation of 0.000083333 ownership multiplied by 120,000 (increase in Capital).

Respondents received the Court Order on 11 December 2018 and filed their Comment to the Petition last January 7, 2019; the Plaintiffs also filed their reply. On November 25, 2020 at 8:30AM, a Judicial Dispute Resolution was conducted by RTC Branch 12, Cebu City via video conference hearing. Both parties did not come into an agreement. The Petitioners demanded PHP 600,000.00 from the Respondents. The case was scheduled for Pre-Trial on June 11, 2021. Counsel of the petitioners did not show up for the scheduled pre-trial due to some issues with the notice. Pre-trial was moved and held last November 5, 2021. A hearing was held last March 4, 2022 for presentation of petitioner's evidence. On April 22, 2022, another hearing was scheduled but cancelled since petitioner, Carol Suarez, was not available. On May 27, 2022, another hearing was held for presentation of petitioner's evidence. The next scheduled hearing will be on June 24, 2022.

As of May 31, 2022, to the knowledge and/or information of the Company, none of the Company's Directors or Executive Officers have been involved in any legal proceedings during the last five (5) years that are material to an evaluation of their ability or integrity to act as such. Likewise, none of the Company's Directors or Executive Officers have declared bankruptcy, convicted by final judgment, subject to any order, judgment or decree, nor violated the Securities or Commodities Law.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies, and practices.

(b) Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary as Officer	Bonus	Other Compensation
A. McArthur Conrado A.	2021	180,000.00	0.00	0.00

Salonga, Jr. President				
B. Geanie Cerna-Lopez Vice-President	2021	150,000.00	0.00	0.00
C. Evangeline Zozobrado Treasurer	2021	150,000.00	0.00	0.00
D. Ma, Asuncion Hipolita Libre Corporate Secretary	2021	150,000.00	0.00	0.00
E. Aggregate For the Above-Named CEO & Officers	2022- Estimated	1,260,000.00	0.00	0.00
	2021-Accrued	630,000.00	0.00	0.00
	2020	0.00	0.00	0.00
	2019	0.00	0.00	0.00
F. Aggregate For the Officers and Directors as a Group	2022 - Estimated	1,260,000.00	0.00	0.00
	2021-Accrued	630,000.00	0.00	0.00
	2020	0.00	0.00	0.00
	2019	0.00	0.00	0.00

- a. The table above shows the salary of the officers of the Corporation based on the June 12, 2021 Board approval as follows: Chairman (P 30,000.00), President (P 30,000.00), Vice Chairman (P 25,000.00), Vice President (P 25,000.00), Corporate Secretary (P 25,000.00), Treasurer (P 25,000.00), Assistant Corporate Secretary (P 20,000.00), Assistant Treasurer (P 20,000.00), Medical Director (P 25,000.00), Hospital Administrator (P 25,000.00), Chief of Clinics (P 15,000.00), Assistant Medical Director (P 5,000.00), Assistant Hospital Administrator (P 5,000.00), Department Heads (P 10,000.00) and Assistant Department Heads (P 5,000.00).
- b. The directors, as such, do not receive any compensation. They only receive a per diem of P10,000.00 per board meeting) during board meetings. Aside from the said per diem and compensation of the officers, there are no other bonus, profit sharing or other compensation plan, contract, or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.
- c. The Company still does not have a registered, non-contributory retirement plan.
- d. The Company has no existing options, warrants or rights to purchase any securities.

(c) Independent Public Accountants

The Company's external auditor for Y2021 is the auditing firm of PEREZ, SESE, VILLA and Company, CPAs. The Board will appoint the Company's external auditor for Y2022 based on the recommendation of the audit committee composed of Dr. Ronald L. Ramiro (Chairman/Independent Director), Dr. Florentina U. Ty (Independent Director) and Ms. Joy C. Luna subject to stockholders' approval.

- a. The Audit committee evaluates proposals based on the quality of service, commitment

for deadline and fees. The committee may require a presentation from each proponent to clarify some issues.

- b. PEREZ, SESE, VILLA and Company, CPAs, represented by its engagement partner, Ms. Alma Sese, is the external auditor of the Company for the most recently completed year 2021. Pursuant to SRC Rule 68 (3) (b) (iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC) (re: rotation of external auditors), the Company has not engaged Ms. Alma Sese for more than five years.
- c. Representatives of PEREZ, SESE, VILLA and Company, CPAs are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.
- d. During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.
- e. The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor are as follows:
 - For the year 2021 - PHP 240,000.00 [billed and paid in 2021 (partial) and 2022 (full payment)]
 - For the year 2020 - PHP 392,000.00 (billed and paid in 2021)
- f. The External Auditor does not perform other services to the Company except the audit/review of its financial statements (PHP); and
- g. Prior to the commencement of the audit, the Audit Committee shall discuss, review and recommend with the external auditors the nature, scope and fees of the audit.

C. OTHER MATTERS

Action with Respect to Reports

The approval of the stockholders on the following will be taken up:

- i. Minutes of the August 23, 2021 Annual Stockholders' Meeting. The Minutes cover the following items:
 - i. Call to Order
 - ii. Invocation
 - iii. Determination of Quorum
 - iv. Welcome Message from the Chairman of the Board
 - v. Reading and Approval of the Minutes of the Y2020 Annual Stockholders' Meeting
 - vi. Audited Financial Report 2020
 - vii. President's Report
 - viii. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
 - ix. Election of the Board of Directors 2021-2022

- x. Appointment of External Auditor for the year 2021
- xi. Other Matters
- xii. Adjournment

A copy of the above minutes of meeting shall be presented to the stockholders during the meeting.

The approval or disapproval of the above Minutes will refer only to the correctness of the Minutes and will not constitute an approval/disapproval of the matters stated in the Minutes.

- ii. Audited Financial Statements for the year ending 31 December 2021.

Other Proposed Actions

1. Ratification of all corporate acts and resolutions during the past year of the Board, Officers and Management. These acts are covered by resolutions duly adopted in the usual course of business such as opening of bank accounts and designation of authorized signatories for various transactions, etc.
2. Election of Directors including Independent Directors for Y2022-2023
3. Appointment of External Auditor for fiscal year ending 31 December 2022

Amendment of Charter, By-Laws, and other Documents

In its meeting on February 15, 2022, the Board approved the amendment of Article 2 Section 1 of the Bylaws on the schedule of the Annual Stockholders' Meeting from every 2nd Sunday of April each year to every 3rd Monday of August each year; the same shall be submitted to the stockholders during the annual stockholders' meeting. The new date being proposed will allow the Corporation to complete all the materials for the annual meeting.

Voting Procedures

Except on the election of directors, an affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient to approve matters requiring stockholder's action. The holder of a majority interest of all outstanding stock of the Company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business. The holders of common stocks are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees.

The shares shall be voted/cast via the online polling system. The votes shall be tabulated by the Corporate Secretary assisted by the external Auditors, based on the tabulation provided by the polling system. Stockholders shall be entitled to vote either in person or by proxy.

Method of Counting Votes

The Corporate Secretary, assisted by the Company's external auditor, will be responsible for counting the votes. The votes shall be counted based on the tabulation provided by the polling system.

Compliance with Section 49 of the Revised Corporation Code

Voting was done through the online poll that was launched during the annual stockholders meeting. The tabulation of the votes was done by the Board of Canvassers based on the votes received thru the online poll.

The stockholders were given the opportunity to ask their questions through the chatroom during the meeting. There were no questions raised by the stockholders.

The following matters were taken up:

- i. Call to Order
- ii. Invocation
- iii. Determination of Quorum
- iv. Welcome Message from the Chairman of the Board
- v. Reading and Approval of the Minutes of the Y2020 Annual Stockholders' Meeting
- vi. Audited Financial Report 2020
- vii. President's Report
- viii. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
- ix. Election of the Board of Directors 2021-2022
- x. Appointment of External Auditor for the year 2021
- xi. Other Matters
- xii. Adjournment

The minutes of the said annual meeting shall be presented to the stockholders in the forthcoming annual stockholders' meeting.

Except for the election of officers, all the matters taken up were unanimously approved by the stockholders present during the meeting. There were only 15 nominees for the 15 board seats to be elected; the votes were tabulated as follows:

Nominee	Votes received
Elda Grace G. Aota	140,866

Geanie A. Cerna-Lopez	140,665
Velma T. Chan	139,283
John Jerlyn G. Cruz	140,849
Roberto M. De leon	140,668
Fay Jasmine G. De los Santos	141,329
Amado Manuel C. Enriquez, Jr.	141,283
Ma. Asuncion Hipolita B. Libre	140,795
Joy C. Luna	141,372
Nicolas S. Molon	140,943
McArthur Conrado A. Salonga, Jr.	142,152
Evangeline Y. Zozobrado	140,796
John Clifford E. Aranas (ID)	141,892
Ronald L. Ramiro (ID)	140,740
Florentina U. Ty (ID)	140,846

*ID – Independent Director

Attached as Annex “E” is the list of the directors, officers and stockholders who attended the meeting.

Except on the election of directors, an affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient to approve matters requiring the stockholder's action. The holder of a majority interest of all outstanding stock of the Company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business. The holders of common stocks are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. Stockholders shall be entitled to vote either in person or by proxy.

Below is the Board Performance Appraisal Report for the year 2021:

PERFORMANCE ASSESSMENT FOR THE BOARD OF DIRECTORS

(January 1, 2021- December 31, 2021)

Good Corporate Governance Principles and Practices	Rating
1. The Board is composed of competent, hardworking members that foster the long-term success of the corporation and sustain its competitiveness and growth.	5
2. The Board is headed by a competent and qualified chairperson.	5
3. The Board practices diversity which avoids groupthink and ensures that optimal decision-making is achieved.	4
4. The Board members act on a fully-informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders and all other stakeholders	5
5. The Board oversees the development of and approves the company's business and strategy and monitor its implementation, in order to sustain the company's long-term viability and strength	5
6. The Board ensures an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the company.	4
7. The Board aligns the remuneration of key officers and board members with the long-term interest of the company.	5
8. The Board has adopted a formal nomination and election policy which provides for the procedures on how the Board accepts nominations.	5
9. The Board ensures the integrity of related party transactions and other unusual transactions, particularly those which pass certain threshold materiality. The Board reviews and approves material RPTs to guarantee fairness and transparency of the transactions.	5
10. The Board has an internal control system in place and a mechanism to monitor and manage potential/actual conflicts of interests of board members, management and shareholders.	4
11. Board has organized board committees to support the effective performance of the board functions, particularly, with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration.	5
12. The Board endeavors to exercise an objective and independent judgment on all corporate affairs.	5
13. The Board has at least 2 independent directors, or at least 20% of the members of the Board, whichever is higher.	4
14. The Board regularly carries out evaluations to assess its performance as a body, and whether it	4

possesses the right mix of backgrounds and competencies.	
15. The Board applies high ethical standards, taking into account the interests of all stakeholders.	5
16. The Board has established corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.	5

No dividends were declared in 2021, 2020 and 2019 as the Company has just commenced its commercial operations on December 26, 2020. Likewise, the Company has no written policy yet on dividend payout but the holders of Common Shares shall be entitled to dividends that may be declared by the Corporation, in proportion to their respective shareholdings, subject to the approval by the Board of Directors upon their determination of sufficient unrestricted retained earnings that may be used for the purpose. As stated in the Company's By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by the stockholders as often and at such times as may be decided by the Board of Directors.

The directors have no self-dealing or related party transactions as of May 31, 2021.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Cebu on **29 June 2022**.

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

By:


MA. ASUNCION HIPOLITA B. LIBRE, MD
Corporate Secretary

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

Allied Care Experts(ACE) Medical Center-Cebu Inc.
982 N. Bacalso Avenue, Brgy Basak, Pardo,
Cebu City 6000
Attention: The Corporate Secretary

INCUMBENT BOARD OF DIRECTORS/NOMINEES:

Name	Business and Professional Work Experience
Enriquez, Amado Manuel Jr. C., 68 years old, Filipino	<p>Chairman of the Board – ACE Medical Center – Cebu (2015-present); Manila East Medical Center (2007-2008, 2017); Paranaque Doctors Hospital (2012-2017); ACE Medical Center Baypointe, Subic (2007-2011); Unihealth Paranaque Hospital (2014- 2017); Alaminos Medical Center Foundation (2001-present).</p> <p>Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Malolos, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Iloilo, ACE Medical Center Tacloban, ACE Medical Center Bohol, ACE Medical Center Dumaguete, ACE Medical Center Bacolod, ACE Medical Center General Santos, ACE Medical Center CDO, ACE Medical Center Dipolog, ACE Medical Center Zamboanga, ACE Medical Center Butuan</p> <p>Active consultant in Cardiovascular-Thoracic Surgery – St. Luke’s Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.</p>
Cerna-Lopez, Geanie C., 65 years old, Filipino	<p>Director – ACE Medical Center-Cebu (2015 to Present)</p> <p>President - Las Pinas City Medical Center</p> <p>Medical Director- Unihealth Paranaque</p> <p>Management Consultant - Medical Center Muntinlupa</p> <p>Past President - Medical Center Muntinlupa (2016)</p> <p>Past Hospital Admin - UniHealth Paranaque Hospital (2016) and Las Pinas City Medical Center (2016)</p> <p>Past president Paranaque Doctors Hospital (2015)</p> <p>Practicing OB-GYN</p>
Salonga, McArthur Conrado, Jr. A., 52 years old, Filipino	<p>President – ACE Medical Center (2020 to Present); Vice President (2020): Philippine College of Surgeons – CEVC; President (2010): Cebu Doctors’ University Alumnae Association; President (2012) : Philippine Society of General Surgeons – CEVC; Board of Director (2003-2013): Philippine College of Surgeons – CEVC; Board of Director (2014) : Philippine Association of Laparoscopic and Endoscopic Surgeons – CEVC; National Board of Director (2014) : Philippine Society of General Surgeons; Tumor Board Co-Chairman (2008 – present): Cebu Doctors’ University Hospital; Tumor Board Chairman (2010 - present): South General Hospital; Chairman, Department of Surgery (2012 - 2018): South General Hospital; Training Officer, Department of</p>

	<p>Surgery (2016 – present): Cebu Doctors’ University Hospital; Member, National Accreditation Committee, Philippine Society of General Surgeons – (2018 – present)</p> <p>Practicing General Surgeon at:</p> <p>Cebu Doctors Group of Hospitals (Cebu Doctors University Hospital, South General Hospital, North General Hospital and Mactan Doctors)</p> <p>Perpetual Succour Hospital</p> <p>St. Vincent General Hospital</p> <p>Cebu Velez General Hospital</p> <p>Mendero General Hospital</p> <p>Mandaue District Hospital</p> <p>Ormoc Sugar Planters Association Hospital</p>
Chan, Velma T., 54 years old, Filipino	<p>Director – ACE Medical Center-Cebu (2015 to Present)</p> <p>Practicing Pediatrician at:</p> <p>Chong Hua Hospital</p> <p>Cebu (Velez) General Hospital</p> <p>Visayas Community Medical Center</p> <p>Perpetual Succour Hospital</p> <p>Sacred Heart Hospital</p> <p>St. Vincent General Hospital</p>
Zozobrado, Evangeline Y., 66 years old, Filipino	<p>Pediatric Consultant - Asian Hospital and Medical Center (2002-present) Corp. Secretary - Medical Center Muntinlupa (2016- 2017), ACE Baliwag (2012-present) Medical Director - Las Pinas City Medical Center (2014-2016) Hospital Administrator – Diliman Doctors Hospital (2017) Pediatric Consultant - Paranaque Doctors Hospital, University of Perpetual Help System Dalta Hospital and Medical Center</p>
Samoy, Marietta T., 63 years old, Filipino	<p>Board Member of The FF. Hospitals:</p> <p>ACEMCCebu – 2020;MCM Muntinlupa Medical Center - Administrator. 2020-2021; Paranaque Doctors Hospital: Head, OB-GYN, Head: Business Office 2019; Las Pinas City Medical Center: Head, Pharmacy- 2019; Diliman Doctors Hospital Board Member 2018-2019</p> <p>Assistant Corporate Secretary of ACEMCCEBU – 2021 -2022; Corporate Secretary of ACEMCCEBU – 2020-2021; Assistant Corporate Secretary of ACEMCCEBU – 2019-2020</p>
Ramiro, Ronald L., 64 years old, Filipino	<p>PAST POSITIONS:</p> <p>Medical Director, Ramiro Community Hospital – 1990 to 2017; Chairman, Department of Surgery, Ramiro Community Hospital- 1990 to 2017</p> <p>PRESENT POSITIONS:</p> <p>President, Allied Care Experts (ACE) Medical Center – Bohol, Inc.- 2014 to present; Hospital Administrator, Allied Care Experts (ACE)</p>

	Medical Center – Bohol, Inc.- 2019 to present; Independent Director, ACEMC Cebu – 2020 to present
Molon, Nicolas S., 76 years old, Filipino	<p>Present Positions</p> <p>Chairman of the Board Of Directors: Advanced Medical Systems, Inc.- Calamba Doctors' Hospital; Calamba Doctors' Med., Educational And Science Foundation, Inc.; Pudci-Shakey's Inc .</p> <p>Member Of The Board Of Directors: Allied Care Experts (ACE) Medical Center-Cebu, Inc; Laguna MRI Paseo Uno De Calamba Inc.; Nineveh Learning Center, Inc.</p> <p>Past Positions</p> <p>Chairman Of The Board Of Directors: Allied Care Experts(ACE) Medical Center-Cebu, Inc.; Imus, Inc (Medical Center Imus); Manila East Medical Center Inc; Medical Center Muntinlupa, Inc; Diliman Doctors' Hospital; Marikina Valley Medical Center, Inc.; Bacoor Doctors' Medical Center, Inc.</p>
Cruz, John Jerlyn, 54 years old, Filipino	<p>Corporate Secretary:</p> <p>Holy Infant Saviour Somos Medical Center, Inc. August 2020- Present</p> <p>Prime Doctors Medical Center – Lipa, Inc. August 2019-Present</p> <p>Salt Lake Medical Center, Paranaque Inc. May 2019 - Present</p> <p>Doctors Medical Center Sta. Ana, Inc. May 2019 - Present</p> <p>Mindoro Medical Center Calapan March 2017 - Present</p> <p>Sto. Tomas Doctors Hospital and Medical Center November 2017 - Present</p> <p>Global Medical Center of Laguna October 2014 – March 2017</p> <p>Member of the Board of Directors:</p> <p>Holy Infant Saviour Somos Medical Center, Inc. 2020- Present</p> <p>Great Valley Medical Center, Inc. 2019-Present</p> <p>Visayas Avenue Medical Center, Inc. 2019-Present</p> <p>Cabanatuan Doctors Medical Center, Inc. 2019-Present</p> <p>Balanga Medical Center, Inc. 2019-Present</p> <p>Prime Doctors Medical Center – Lipa, Inc. 2019-Present</p> <p>Luzon Alliance Medical Center, Inc. 2018-Present</p> <p>Occupational Health and Safety Network - Region IV-A (OSHNet4A)</p>

	<p>November 2013 – Present Carmona Hospital and Medical Center – Carmona, Cavite July 2014 – July 2015 Global Medical Center of Laguna July 2015 – March 2018 Chairman - Global Medical Center of Laguna March 2017 – March 2018 Medical Director – External Global Medical Center of Laguna – Cabuyao, Laguna July 2016 – May 2018</p>
De Leon, Roberto, 70 years old, Filipino	<p>Chairman Of The Ff Hospitals: Baypointe Hospital & Medical Center – Olongapo City Mindoro Medical Center – Calapan, Mindoro Luzon Alliance Med Center – Guiguinto , Bulacan Marquee Doctors Med Center- Angeles, Pampanga Visayas Ave. Med. Center- Quezon City Rizal Doctors Med. Center- Angono, Rizal Cabanatuan Medical Center- Cabantuan City Great Valley Med Center- Quezon City Holy Infant Saviour Somos Med Center- Mindoro Balanga Med Center- Balanga, Bataan Salt Lake Med Center- Paranaque City</p> <p>President Of The Ff Hosptials : Allied Care Experts Med Center – Valenzuela City Sto. Tomas Doctors Hosp & Med Center- Batangas Doctors’ Med Center Sta. Ana- Manila</p>
Luna, Joy, 54 years old, Filipino	<p>E.A. Northam Pharma / S.V. More - January 1989 - March 1991 > Medical Representative - January 1989 To January 1990 > Assistant Field Sales Supervisor - February 1990 To July 1990 > Field Sales Supervisor - August 1990 To March 1991 Smithkline Beecham - April 1991 To April 2001 > Medical Representative Manila East Medical Center - May 2001 To Present > Human Resource Department Director - December 2002 To March 2006 > Pharmacy Director - March 2003 to Present > Head, Central Supplies Department - July 2003 to Present > Head, Training and Development Department - 2010 to Present > Member, Board of Directors - 2005 to Present Diliman Doctors Hospital - May 2015 To Present > Member, Board Of Directors - May 2015 To Present > Pharmacy Director - May 2015 To Present</p>

	<p>Allied Care Experts Medical Center Cebu - March 2015 To Present</p> <ul style="list-style-type: none"> > Member, Board Of Directors - March 2015 To July 2020 > Pharmacy Director - April 2017 To Present <p>Prime Hospital And Medical Center Pasig - December 2017 To Present</p> <ul style="list-style-type: none"> > Member, Board of Directors - December 2017 to Present > Marketing Director - May 2019 to Present
Aranas, John Clifford, 53 years old, Filipino	<p>Chief of Clinics, ACE Medical Center-Cebu (August 2020 to Present)</p> <p>Associate Professor II, Faculty of Internal Medicine, Cebu Institute of Medicine (Up to Present)</p> <p>Faculty of Internal Medicine, MAHAM College of Medicine (Up to Present)</p> <p>Faculty of Internal Medicine, Gullas College of Medicine (Up to Present)</p> <p>Training Officer, Adult Pulmonary Fellowship Training Program, Perpetual Succour Hospital (Up to Present)</p> <p>Head, Section of Pulmonary Medicine, Cebu (Velez) General Hospital (Up to Present)</p> <p>Active Staff, Internal Medicine, Cebu (Velez) General Hospital (Up to Present)</p> <p>Active Staff, Internal Medicine, Chong Hua Hospital (Up to Present)</p> <p>Active Staff, Internal Medicine, Perpetual Succour Hospital (Up to Present)</p> <p>Visiting Staff, Visayas Community Medical Center (Up to Present)</p> <p>Visiting Staff, Sacred Heart Hospital (Up to Present)</p> <p>Visiting Staff, St. Vincent General Hospital (Up to Present)</p>
De Los Santos, Fay Jasmine, 44 years old, Filipino	<p>Affiliate Society Presidents, Cebu Medical Society - 2019 to 2020</p> <p>Chairman, Anesthesia Department, Co-Founder, Allied Care Experts Medical Center-Cebu</p> <p>Active Training Staff, Core Group, Anesthesia Department, University of Cebu Medical Center -2015 to present</p> <p>Assistant Professor 7 (Part Time), Cebu Institute of Medicine -2014 to present</p> <p>Medical Specialist 3 (Full Time), Active Training Staff, Vicente Sotto Memorial Medical Center -2014 to present</p> <p>Visiting Staff, Anesthesia Department, Mendero Hospital Consolacion Cebu -2014 to present</p> <p>Active Staff, Anesthesia Department, Cebu Velez General Hospital -2013 to present</p> <p>Visiting Staff, Anesthesia Department, Perpetual Succour Hospital - 2013 to present</p> <p>Visiting Staff, Anesthesia Department, Mactan Doctors' Hospital - 2013 to present</p> <p>Active Staff, Anesthesia Department, Visayas Community Medical Center -2010 to present</p> <p>Visiting Staff, Anesthesia Department, Adventists Hospital Cebu - 2010 to present</p> <p>Active Staff, Anesthesia Department, St. Vincent's General</p>

	<p>Hospital -2009 to present Visiting Staff, Anesthesia Department, Southwestern University Hospital -2009 to present Medical Specialist 1 (Part Time) Anesthesiology Department, Vicente Sotto Memorial Medical Center - 2008 to 2014 Founding Member: Society of Neuro Anesthesia of the Philippines -September 2010 Visiting Staff, Anesthesia Department, Gov. Celestino Gallares Medical Hospital -2007 to 2009 Medical Officer 3, Anesthesiology Department, Vicente Sotto Memorial Medical Center -2004 to 2007 Visiting Staff, Anesthesia Department, Cebu City Medical Center -April to June 2008</p>																								
Anota, Elda Grace, 52 years old, Filipino	<p>Faculty, College of Physical and Occupational Therapy, Cebu Velez General Hospital 2001 to Present Faculty, Cebu Institute of Medicine Consultant, Chong Hua Hospital Consultant, Perpetual Succour Hospital Consultant, Chong Hua Hospital Mandaue</p>																								
Libre, Ma. Asuncion Hipolita, 69 years old, Filipino	<p>Assistant Corporate Secretary, ACEMCCEBU, 2020 to present Head, Nursing Service, ACEMCCEBU, 2019 to present Active Staff, Department of Obstetrics and Gynecology: Visayas Community Medical Center, Cebu Doctors University Hospital, Chong Hua Hospital, Cebu Velez General Hospital, Perpetual Succour Hospital Visiting Consultant: Vicente Sotto Memorial Medical Center, Gov. Celestino Gallares Memorial Hospital Head, Section of Gynecologic Endoscopy, Visayas Community Medical Center, Cebu Velez General Hospital Associate Professor, Department of Obstetrics and Gynecology, Cebu Institute of Medicine, Cebu Doctor's University Hospital</p>																								
Ty, Florentina, 70 years old, Filipino	<table border="0"> <tr> <td>National Vice President</td><td>Philippine</td></tr> <tr> <td>Pediatric Society, 2020-2022</td><td></td></tr> <tr> <td>Associate Professor</td><td>MCU-FDTMF</td></tr> <tr> <td>College of Medicine 1991 to 2018</td><td></td></tr> <tr> <td>Regional Trainor/Hospital Based Resuscitation Program, AAP, AHA</td><td>Neonatal</td></tr> <tr> <td>Trainor</td><td>1990 – present</td></tr> <tr> <td>Instructor American Heart Association Support, Pediatric Advanced Life Support</td><td>Basic Life</td></tr> <tr> <td>Instructor</td><td>2008 – present</td></tr> <tr> <td>AHA International Training Center</td><td>PCMC for BLS, PALS, ACLS, 2011 to present</td></tr> <tr> <td>Faculty Coordinator</td><td></td></tr> <tr> <td>AHA Regional Faculty in the Asia Pacific</td><td>BLS, ACLS, PALS – 2012 to present</td></tr> <tr> <td>Unit Head, Pediatric ICU</td><td>The Medical City</td></tr> </table>	National Vice President	Philippine	Pediatric Society, 2020-2022		Associate Professor	MCU-FDTMF	College of Medicine 1991 to 2018		Regional Trainor/Hospital Based Resuscitation Program, AAP, AHA	Neonatal	Trainor	1990 – present	Instructor American Heart Association Support, Pediatric Advanced Life Support	Basic Life	Instructor	2008 – present	AHA International Training Center	PCMC for BLS, PALS, ACLS, 2011 to present	Faculty Coordinator		AHA Regional Faculty in the Asia Pacific	BLS, ACLS, PALS – 2012 to present	Unit Head, Pediatric ICU	The Medical City
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Unit Head, Pediatric ICU	The Medical City																								

	<p>– 2005 - present</p> <p>Chairman, Department of Pediatrics Hospital, January to December 2018</p> <p>Head, Medical Ethics Committee Hospital, January to December 2018</p> <p>Member, Board Specialty Exam Critical Care Med., Phils.</p> <p>Chairman, Dept. of Pediatrics Center</p> <p>Diliman Doctors</p> <p>Diliman Doctors</p> <p>Soc. of Pediatric</p> <p>Diliman Doctor's Medical</p>
Nolasco, Felix N., 65 years old, Filipino	<p>Doctor of Medicine.</p> <p>Specialty – ENT-Head and neck Surgery, Maxillofacial Trauma Surgery.</p> <p>Consultant – Asian Hospital and Medical Center, Manila Doctors Hospital.</p> <p>President, Baypoint Hospital and Medical Center, SBMA, 2013 to 2016.</p> <p>Medical Director, Unihealth Paranaque Hospital and Medical Center, 2014 to 2016.</p> <p>Administrator, Unihealth Paranaque Hospital and Medical Center, 2017 to present.</p> <p>Vice-Chairman, ACE Valenzuela, 2015; ACE Baliwag, 2015.</p> <p>Vice-President, ACE Medical Center – Bohol, 2016 – present.</p>
Gonzalez, Julio L., 71 years old, Filipino	<p>1979 to Present Private Practice as Pediatrician</p> <p>2015 to Present Hospital Administrator, ACE Medical Center-Cebu</p> <p>2014 to 2020 Board of Director, ACE Medical Center-Cebu</p> <p>Affiliated with Rotary Club Fuente, Cebu Medical Society, Philippine Medical Association</p>
Antigua, Neonita C., 63 years old, Filipino	<p>Present:</p> <p>President - MSR Real Estate Development Corporation Inc.</p> <p>Business Office Head – ACE Medical Center-Cebu 2016-Present</p> <p>Independent Director – ACE Medical Center-Cebu 2019-2020</p> <p>Previous:</p> <p>Security Bank – Teller</p> <p>Mactan Airbase Accounting Office – Bookkeeper</p> <p>New York Life International Insurance Corporation – Manager</p>
Chua, Edward A., 47 years old, Filipino	<p>Private practice as pediatric pulmonologist</p> <p>= Part time faculty, Cebu Institute of Medicine (2012-present)</p> <p>= Part time faculty, Cebu Doctors University Hospital (2006-2012)</p>
Orillaza, Marissa, years old, Filipino	<p>Anatomic and Clinical Pathologist and active Fellow of Philippine Society of Pathologists and currently rotates as the Head of the Department of Laboratory Medicine in Tagaytay Medical Center, Paranaque Doctors Hospital and Unihealth Sta. Rosa Hospital and Medical Center.</p> <p>Sits on the Board of Directors in rotation with some of the founders of ACE Group of Hospitals for she is a founding member of the said corporation e.g. currently at ACEMC-Quezon City, ACEMC-Valenzuela, ACEMC-Tacloban and ACEMC-Pateros.</p>

Tan, Ma. Luisa S., 48 years old, Filipino	Active consultant - perpetual succour Hospital, March 2006 to present CT Section head - vicente sotto CT section head - velez hospital Active consultant - Cortes General Hospital Visiting consultant - Hi precision diagnostics
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Incumbent Officers

1. Amado Manuel C. Enriquez, Jr – Chairman, See Foregoing Director's Profile
2. Mcarthur Conrado A. Salonga, Jr. – President, See Foregoing Director's Profile
3. Nicolas S. Molon – Vice Chairman, See Foregoing Director's Profile
4. Geanie Cerna – Lopez – Vice President, See Foregoing Director's Profile
5. Evangeline Y. Zozobrado – Treasurer, See Foregoing Director's Profile
6. Ma. Asuncion Hipolita B. Libre – Corporate Secretary, See Foregoing Director's Profile
7. Enjel A. Gabriel – Assistant Treasurer, See Foregoing Director's Profile
8. Marietta T. Samoy – Assistant Corporate Secretary, See Foregoing Director'

CERTIFICATION

This is to certify that the directors and officers of Allied Care Experts (ACE) Medical Center-Cebu, Inc., are not connected with any government agencies or its instrumentalities.

Issued this JUL 21 2022 day of July 2022, at Cebu City, Philippines.




Ma. Asuncion Hipolita B. Libre
Corporate Secretary

JUL 21 2022 **SUBSCRIBED AND SWORN TO BEFORE ME**, a Notary Public, for and in the City of Cebu, Philippines, this ____ day of July 2022, affiant presented to me her Professional Regulation Commission ID No. _____, issued on _____.

Doc No. 32
Page No. 68
Book No. 46
Series of 2022.

NOTARY PUBLIC



ATTY. DOMINIC A. DIÑO

Notary Public for Cebu City
Commission No. 111-09 valid until 31 December 2022
Roll No. 56281, PTR No. 3455853, Cebu City, 1-7-2022
IBP NO. AR NO. 192310, IBP Cebu City, 1-11-2022
Office Address D. Jakosalem St., Sto. Nino, Cebu City, 6000
Contact No. 09088844981

MANAGEMENT REPORT

A. Description of Business

Allied Care Experts (ACE) Medical Center – Cebu, Inc. (herein referred to as the “Company”) was organized and incorporated under the Philippine laws and registered with the Securities and Exchange Commission on November 7, 2014 under SEC Registration No. CS201421675. The Company’s primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and business such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinic, condo-hospital, scientific research institutions and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licenses physicians or surgeons who may or who may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

The registered office address of the Company is located 982 N. Bacalso Avenue, Basak Pardo, Cebu City. The Company has yet to start its commercial operations and is now on the final stage of its construction of the medical facility (hospital). The hospital building includes leasable clinical facilities for medical and dental practitioners, who are shareholders of the Company.

The Company’s secondary license to sell its common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC) was approved on December 27, 2018.

ACE Medical Center - Cebu has set up a tertiary health care facility with an organized, systematic, cost-effective, sympathetic, and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders. ACE Medical Center - Cebu is an 8-storey 175-bed capacity hospital with a 3 level basement parking and a helipad, with total floor area of 25,325 sq.m. constructed in a 3,948 sq.m. property located in the center of South Cebu City, along N. Bacalso Ave., Barangay Basak Pardo. It is a multidisciplinary specialty medical facility that houses medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The Company’s initial operations began on December 26, 2020. It is now fully functional except for the Magnetic Resonance Imaging (MRI) facility, which will be installed sometime in 2023. The hospital building includes leasable medical facilities for medical and dental practitioners who are shareholders of the Company. There are 56 leasable spaces for medical and dental practitioners.

Plan of Operation

To sustain its hospital operations, the Company intends to do extensive marketing to touch base with more patient population and inevitably increase its current revenue. It also plans to clearly define its budget for the incoming year and to conduct budget planning. It will also come up with a more comprehensive cost analysis plan so as to minimize unnecessary expenditures and

appropriately allocate its resources.

Aside from income generated from its hospital operations, the Company also intends to sell more shares. To do so, the Company has tasked its employed Sales Agent and Marketing Team to conduct company visits to introduce the hospital's products and services and possibly entice them to purchase stocks from the Company.

Overall, the Company intends to focus on increasing revenue and to do extensive marketing so as to sustain its cash requirements. In the event that there is a need to raise additional funds, the Company intends to acquire advances from its shareholders.

To enable the Company to provide better service to the Community, it shall purchase its Magnetic Resonance Imaging (MRI) within the next twenty-four (24) months. Aside from this, it shall continue to assist the local government unit in its vaccination drive as a vaccination center.

Competition and Business Analysis

The Company belongs to the industry which caters to the need of the public and medical specialists for hospital facilities. There are no recognized trends within such industry. The geographic area of competition is within Cebu City and over the five (5) kilometer radius to the north and the south where the following hospitals are operating:

HOSPITAL	LOCATION	BED CAPACITY	CATEGORY	LEVEL CLASSIFICATION (PHIC list)
St Anthony Mother & Child Hospital	Mambaling	25	Public	Level I
Adventist Hospital	San Nicolas	100	Private	Level II
St. Vincent General Hospital	Sambag I	100	Private	Level II
Sacred Heart Hospital	Sambag II	150	Private	Level II
Chong Hua Hospital	Capitol	660	Private	Level III
Cebu Doctors' University Hospital	Capitol	300	Private	Level III
Cebu South Medical Center (formerly Talisay District Hospital)	Talisay	250	Public	Level II
Vicente Sotto Memorial	Sambag II	1,200	Public	Level III

Medical Center				
Cebu Velez General Hospital	Cogon – Ramos	200	Private	Level III
Visayas Community Medical Center	Cogon – Ramos	200	Private	Level III

The Company's bigger competitors are located in the north of Cebu City; on the other hand, the Company's hospital is located in the southern part where it will be directly competing with only the smaller hospitals. The reasonable price, quality of medical care and facilities of the Company will be its edge over its competitors.

The Company is not expected to be dependent upon one or a limited number of suppliers for its hospital equipment, essential medical supplies, and other supplies. The following are the Company's principal suppliers:

1. Zuellig Pharmaceutical Corporation – pharmaceutical and other medical supplies
2. Metro Drug, Inc. – pharmaceutical, laboratory reagents and other medical supplies
3. Zion Diagnostics, Inc. – laboratory reagents
4. Zafire Distributors, Inc. – laboratory reagents and supplies
5. Metro Gaisano Ayala – food and kitchen supplies
6. Ellegold Marketing – personal protective equipment and other medical supplies
7. Health Solutions, Inc. – medical supplies
8. Prince Warehouse Club – food and kitchen supplies
9. Cebu RTK Marketing – laboratory and medical supplies
10. Berovan Marketing – medical supplies
11. People's Educational Supply – office supplies
12. Visayas Educational Supply – office supplies
13. Cebu Progress Commercial, Inc. – office furniture
14. Mandaue Foam – office furniture
15. Choitango Medical Solutions Enterprises – contrast media

Government Regulation

ACE Medical Center - Cebu, Inc. has secured the necessary permits to operate the hospital from the national and local government entities particularly the License to Operate (LTO) from the DOH, the Environmental Compliance Certificate and Hazardous Waste Generators ID from DENR, the Food and Drug Administration license for both the Pharmacy and Radiology Unit, the PDEA license for the regulated and controlled drugs, and the Business Permit and Sanitary Permit from the Cebu City Government. It has also secured accreditation with the Philippine Health Insurance Corporation (PHIC) and the Philippine Hospital Association.

All licenses and accreditations have been renewed.

The Company is strictly complying with the necessary permits of the DENR and has spent approximately PHP 350,000.00 for the year 2021 for the hazardous waste it has generated.

Total Number of Employees

Total Number of Full Time-Employees (As of May 31, 2022):

	CBA	Non-CBA	Total
Rank and File	-	181	181
Supervisors	-	13	13
Managers and Top Management	-	3	3
Total	-	197	197

The hospital is expected to hire more employees once the occupancy rate of the hospital increases in the coming months.

Risk Management

Difficulty to Collect from Patients – The Company (like all other hospitals) has allocated funds for possible uncollectible revenues from some patients and “charity” cases. It has also tapped PCSO, DSWD, and CHAMP to help indigent patients. The Company has affiliated itself with the different HMOs available in Cebu City to mitigate or reduce promissory notes.

Limited Resources/Losses – The Issuer mitigates such risk through availing of the credit line facility with the Land Bank of the Philippines (LBP) totaling to PHP 900,000,000.00 (500M for Hospital Building/Building equipment, 350M for medical/hospital equipment and 50M for the short-term loan). As of December 31, 2021, the company has fully drawn the existing credit line facility from LBP.

"Landbank of the Philippines

The Company obtained credit lines with various drawdown dates from Landbank of the Philippines (LBP) on September 1, 2016 amounting to PHP 465 million payable in ten (10) years and PHP 35 million payable in seven (7) years, and on August 24, 2019 amounting to PHP 350 million payable in seven (7) years. The purpose of the PHP 465 million term loan was to finance the construction of the hospital building while the PHP 35 million and PHP 350 million term loans were for the acquisition of various medical machines and equipment. In 2021, the Company availed of its preapproved Short-term Loan amounting to PHP 50 million to use in the hospital operations.”

Key Personnel – To prevent attrition, the Issuer intends to provide a competitive compensation package and full benefits for its Management and Key Officers. The Human Resources Department will likewise maintain a program that will enhance and develop the career path of key officers and employees to ensure continued loyalty to the Company.

Government Regulations – The Company complies with local and national rules and regulations. If the Company fails to comply with a rule or regulation, it may be subject to fines or other penalties, or its permit or license may be revoked or suspended.

Healthcare infections – The Company has put in place an Infection Control Service, guided by the Infection Control Committee, that implements and continually updates infection control

policies. Likewise, it has set up a Covid Task Force to help the Infection Control Service in dealing with the pandemic. The role of the Covid Task Force to ensure that the best practices in addressing Covid-19 is put in place such as having a separate floor for Covid positive or probable patients and the like. The Company has also provided its employees and doctors the necessary personal protective equipment (masks, haz-mat, goggles, gloves, face shields, etc.) to protect them from acquiring healthcare-related infections. Also, the hospital has nine (9) isolation units located at the following areas: emergency room (1), NICU (1), ICU (1) and the patient care floors (6). The 7th floor became the dedicated Covid wing for those with positive RT-PCR results and those waiting for their results.

Disaster risks/pandemics – The Company has policies in place to guide its employees in the event of a disaster or pandemic. It has a Disaster Risk Management and Safety Committee, which meets regularly and oversees staff training. Fire and Earthquake drills are conducted annually with the guidance of the Bureau of Fire and Protection (BFP). In addition to the policies and trainings, the hospital is equipped with two (2) generators, a computer system with a Cloud back up and firewall to prevent loss of data and hacking, and adequate UPS to prevent auto shutdown and malfunction of equipment.

As mentioned above, a task force was created to respond to the ongoing pandemic. The role of the task force is to protect the employees from getting the virus by conducting trainings on the proper donning and doffing of the personal protective equipment, basic healthcare protocols and the like.

Hazardous material events, such as chemical/radiological exposure – The Company has policies in place to prevent chemical spills and radiological exposure. The staff are trained on how to handle chemicals to avoid spills and respond to possible chemical spills. Likewise, badges have been installed on equipment that are sources of radiation. These badges measure the level of radiation that the equipment is emitting hence leaks are immediately detected. All Radiology staff are given individual badges to measure their exposure to radiation. The Company has engaged the services of PASSI to collect its hazardous waste. Proper segregation of waste is also strictly implemented with the availability of the Materials Recovery Facility.

Taxation – Existing tax rates may increase in the future or existing tax exemptions and deductions may likewise be revoked, adversely affecting the Company's revenues. Similarly, such tax rates may decrease, or new exemptions and deductions may be created, to the Company's benefit.

Litigation/Administrative Actions – The Company may be exposed to litigation expenses relating to the hospital operations, matters involving its Board of Directors and Management, on policies implemented and its management decisions. The hospital being a corporation is also exposed to litigation involving its shareholders. A continued litigation or adverse decision may substantially affect the Company's finances.

The Company can mitigate said risk by engaging competent legal practitioners that are well versed with the issues and are able to protect the best interest of the Company.

B. Securities of the Registrant

Market Price, Dividend and Related Stockholder Matters

The Company's common equity are sold through its own internal staff. The shares are sold in tranches for easier administration and on a first-come, first-served basis, subject to pre-qualification procedures. The high and low sales prices by quarter for the last two (2) years are as follows:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter
<i>Market Price</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
High	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Low	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

The price as of May 31, 2022 (latest practicable trading date) is PHP 300,000.00.

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

There are approximately 1874 holders of common shares of the Company as of May 31, 2022.

Please refer to Annex "D" page 67 for the list of top 20 stockholders as of May 31, 2022.

No dividends were declared in 2019, 2020 and 2021.

There are no restrictions that limit the payment of dividends on Common Shares.

There is no recent sale of unregistered or exempt securities.

C. Management's Discussion and Analysis

For the First Quarter of 2022

Changes in Operating Results

The following table shows the consolidated financial highlights of the Company for the three months ended March 31, 2022 and 2021:

	For the three months ended		Horizontal Analysis		Vertical Analysis	
	31-Mar-22	31-Mar-21	Inc (Dec)	%age	31-Mar-22	31-Mar-21
Revenue	₱ 35,576,592	₱ 11,836,008	₱ 23,740,584	201%	100%	100%
Other income	1,212,733	758,722	(454,011)	-60%	3%	6%
Cost of sales and services	(36,049,031)	(27,613,078)	8,435,953	31%	-101%	-233%
Operating expenses	(8,828,582)	(6,460,928)	2,367,654	37%	-25%	-55%
Finance costs	(13,253,170)	(13,164,181)	88,989	1%	-37%	-111%
Income tax benefit	5,335,957	8,675,983	(3,340,026)	-38%	15%	73%
Net loss	₱ (16,005,501)	₱ (25,967,474)	₱ (9,961,973)	-38%	-45%	-219%

On December 26, 2020, the Company launched the full commercial operations of its hospital building and facilities.

Revenue generated for the three months period amounts ₱35.5M. This was from Hospital fees and sales of medicines, net of discounts. This increased by 201%. The Company is in its second year of operation, revenues are expected to be higher compared to its first year of operation in 2021.

Other income increased by 60%. The Company is in its second year of operation, income are expected to be higher compared to its first year of operation in 2021.

Cost of sales and services for the three months period ended March 31, 2022 amounted to ₱36M. This increased by 31% in direct association with the increase in revenue in the first quarter of 2022 compared to first quarter of 2021. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.

Operating expenses increased by 37%. The increase was primarily attributable to the increase in salaries and wages, taxes and licenses, security services, taxes and licenses, repairs and maintenance, office supplies, statutory, meetings and conferences, transportation and travel, professional fee and credit losses.

The slight increase in finance cost was primarily due to the interest on the additional loans obtained in 2021 net of the decrease in interest payments for existing loans which already have principal repayments.

Income tax benefit decreased by 38%. This is primarily due to lower losses incurred in first quarter of 2022 resulting to lower taxable loss.

Loss for the three months ended March 31, 2022 is lower than losses suffered for the three months ended March 31, 2021, this was mainly due to the higher revenue earned for the period. The Company is in its second year of operation, results of operation are expected to be more favorable compared to its first year of operation in 2021. Though there was an increase in revenue in 2022, the Company still incurred losses due to increase in expenses which could not be covered by the increase in revenue. To mitigate the losses, the Company

has strengthened its marketing efforts and relationships with its Medical Staff to increase utilization which would translate to a better revenue.

For the next twelve months, the Company will source its fund requirements from the proceeds of the initial public offering and from its hospital revenue. The founders have likewise committed to advance funds as may be necessary to support the Company's operations.

The Company has not conducted any product research and development.

As it has only started its commercial operations, the Company is expected to continue spending for hospital equipment for the next twelve months.

There is no expected significant changes in the number of employees for the next twelve months.

FINANCIAL CONDITION

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	Horizontal Analysis		Vertical Analysis	
			Inc(Dec)	%age	March 31, 2022	December 31, 2021
ASSETS						
Current Assets						
Cash	₱ 32,964,068	₱ 27,742,265	₱ 5,221,803	19%	2%	2%
Trade and other receivables	21,027,442	16,756,531	4,270,911	25%	1%	1%
Subscription receivable	57,271,089	59,540,781	(2,269,692)	-4%	4%	4%
Inventories	17,390,335	17,909,672	(519,337)	-3%	1%	1%
Prepayments and other current assets	55,783,465	56,194,140	(410,675)	-1%	4%	4%
Total Current Assets	184,436,399	178,143,389	6,293,010	4%	13%	12%
Non-current Assets						
Property and equipment, net	1,194,711,345	1,202,230,244	(7,518,899)	-1%	83%	84%
Intangible assets	1,354,137	1,409,331	(55,194)	-4%	0%	0%
Deferred tax asset	52,106,643	46,763,315	5,343,328	11%	4%	3%
Total Non-Current Assets	1,248,172,125	1,250,402,890	(2,230,765)	0%	87%	88%
Total Assets	₱ 1,432,608,524	₱ 1,428,546,279	₱ 4,062,245	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 87,684,954	₱ 85,161,226	₱ 2,523,728	3%	6%	6%
Loans payable - current	80,000,000	80,000,000	-	0%	6%	6%
Advances from shareholders	37,600,000	26,500,000	11,100,000	42%	3%	2%
Retention payable	31,617,614	33,212,650	(1,595,036)	-5%	2%	2%
Total Current Liabilities	236,902,568	224,873,876	12,028,692	5%	17%	16%
Non-Current Liabilities						
Loans payable - non current	761,221,338	761,221,338	-	0%	53%	53%
Total Liabilities	998,123,906	986,095,214	12,028,692	1%	70%	69%
Equity						
Share capital	172,676,000	172,296,000	380,000	0%	12%	12%
Share premium	469,406,706	461,096,706	8,310,000	2%	33%	32%
Subscribed capital stock	3,995,000	4,455,000	(460,000)	-10%	0%	0%
Treasury shares	(3,115,000)	(2,915,000)	(200,000)	7%	0%	0%
Accumulated Deficits	(208,478,088)	(192,481,641)	(15,996,447)	8%	-15%	-13%
Equity, Net	434,484,618	442,451,065	(7,966,447)	-2%	30%	31%
Total Liabilities and Equity	₱ 1,432,608,524	₱ 1,428,546,279	₱ 4,062,245	0%	100%	100%

As of March 31, 2022, the assets of the Company amounts to ₱1,432,608,524, which is 0.3% or ₱4,062,245 higher than the December 31, 2021 balance of ₱ 1,428,546,279. The

increase was due to the increased in cash, trade and other receivables and deferred tax assets and deferred tax assets. This was partly negated by the decreased subscription receivable, inventories, prepayments and other current assets, property and equipment and intangible asset.

The increased in Cash by ₱5,221,803 was primarily due to proceeds from issuance of shares and advances from shareholders for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱16M. The company acquired property and equipment amounting to ₱2.5M. These disbursements were partly funded by the collection of subscription and additional advances from shareholders.

The increased in trade and other receivables by ₱4,270,911 was due to uncollected revenue from PhilHealth, receivables from patients and reimbursements from DSWD availed by patients and increase in of advances to doctors and employees.

The decreased in subscription receivable by ₱2,269,692 was primarily due to payment of subscriptions during the first quarter of 2022 negated by additional subscriptions.

The decreased in inventories by ₱519,337 was mainly due to decrease in hospital supplies, dietary supplies and office supplies.

The decreased in prepayments and other current assets by ₱410,675 was primarily due to the decrease in advance payment to suppliers negated by the increase in Input VAT and prepaid income tax.

The decrease in property and equipment by ₱7,518,899 was due to depreciation for the quarter net of acquisitions made for the period amounting to ₱2,562,045.

The decrease in Intangible asset pertains mainly to the amortization of the information system for the first quarter of the 2022. Deferred tax asset increased by ₱5,343,328 due to recognition of DTA for losses incurred by the Company in first quarter of 2022. Total liabilities increased by ₱12,028,692. The increase was primarily due to increase trade and other payables and advances from shareholders which was negated by payment of retention payable.

Trade and other payables increased by ₱2,523,728 primarily due to the increased in purchases and accrued expenses in the first quarter of 2022. The increased in advances from shareholders amounting to ₱11.1M pertains mainly to additional advances in first quarter of 2022. The decreased in retention payable amounting to ₱1,595,036 was due to partial payments made to contractors.

The decreased in equity was primarily due to the net loss incurred by the Company on its first quarter of operations net of additional subscriptions for the quarter.

Material Changes in Financial Condition

<p>a. Cash increased by ₱5.2M</p> <p>Due to proceeds from issuance of shares and advances from shareholders for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱16M. The company acquired property and equipment amounting to ₱2.5M. These disbursements were partly funded by the collection of subscription and additional advances from shareholders.</p>
<p>b. Trade and other receivables increased by ₱4.2M</p> <p>Due to uncollected revenue from PhilHealth, receivables from patients and reimbursements from DSWD availed by patients and increase in of advances to doctors and employees.</p>
<p>c. Subscription receivable decreased by ₱2.26M.</p> <p>Due to payment of subscriptions during the first quarter of 2022 negated by additional subscriptions.</p>
<p>d. Inventories decreased by ₱519K</p> <p>Mainly due to decrease in hospital supplies, dietary supplies, and office supplies.</p>
<p>e. Prepayments and other current assets decreased by ₱410K</p> <p>Primarily due to the decrease in advance payment to suppliers negated by the increase in Input VAT and prepaid income tax.</p>
<p>f. Intangible assets decreased by ₱55K</p> <p>Pertains mainly to the amortization of the information system for the first quarter of the 2022.</p>
<p>g. Deferred tax asset increased by ₱5.3M</p> <p>Due to recognition of DTA for losses incurred by the Company in first quarter of 2022.</p>
<p>h. Trade and other payables increased by ₱2.5M</p> <p>Primarily due to the increased in purchases and accrued expenses in the first quarter of 2022.</p>
<p>i. Advances from shareholders increased by ₱11.1M</p> <p>Due to additional advances obtained in the first quarter of 2022.</p>
<p>j. Retention payable decreased by ₱1.5M</p> <p>Due to partial payments made to contractors.</p>
<p>k. Equity decreased by ₱7.1M</p> <p>Primarily due to the net loss incurred by the Company on its first quarter of operations net of additional subscriptions for the quarter.</p>

Material Changes in Operating Results

<p>a. Revenue increased by 201%</p> <p>The Company is in its second year of operation, revenues are expected to be higher compared to its first year of operation in 2021.</p>

<p>b. Cost of sales and services increased by 31%</p> <p>This is in direct association with the increase in revenue in the first quarter of 2022 compared to first quarter of 2021. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees, and housekeeping.</p>
<p>c. Operating Expenses increased by 37%</p> <p>The increase was primarily attributable to the increase in salaries and wages, taxes and licenses, security services, taxes and licenses, repairs and maintenance, office supplies, statutory, meetings and conferences, transportation and travel, professional fee, and credit losses.</p>
<p>d. Other income increase by 60%</p> <p>The Company is in its second year of operation, income is expected to be higher compared to its first year of operation in 2021.</p>
<p>e. Finance cost increased by 1%</p> <p>The slight increase in finance cost was primarily due to the interest on the additional loans obtained in 2021 net of the decrease in interest payments for existing loans which already have principal repayments.</p>
<p>f. Income tax benefit increased by 38%</p> <p>Income tax benefit decreased by 38%. This is primarily due to lower losses incurred in first quarter of 2022 resulting to lower taxable loss.</p>
<p>g. Loss for the period decreased by 38%</p> <p>This was mainly due to the higher revenue earned for the period. The Company is in its second year of operation, results of operation are expected to be more favorable compared to its first year of operation in 2021</p>

KEY PERFORMANCE INDICATORS

	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2020 (No Operation)
<p>1. Liquidity</p> <p>a. Quick ratio – capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R) / current liabilities]</p> <p>b. Current ratio – capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)</p>	0.54:1 0.77:1	0.72:1 1.05:1	-
<p>2. Solvency</p> <p>a. Debt to equity ratio – indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)</p>	2.29:1	1.88:1	-

3. Profitability a. Net profit margin - ability to generate surplus for stockholder (net income / sales) Remarks: The ratio is not applicable for 2020 since the company has not commenced commercial operation during this period. b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.45):1	(2.19):1	
4. Leverage a. Debt to total asset ratio - the proportion of total assets financed by creditors. (total debt / total assets) b. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	0.70:1	1.53:1	-
5. Interest Rate Coverage Ratio a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) -Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	(0.61):1	(1.63):1	-

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

There were no material events that would trigger direct or indirect contingent financial obligation that would materially affect the company's operation, including any default or acceleration of obligation.

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons during the period.

There were no known trends or any known demands, commitments, events or uncertainties that would result in or that were reasonably likely to result in the Company's liquidity increase or decreasing in any material way. The crucial period of the Covid-19 pandemic has already passed, thus the Covid-19 patients' census has materially decreased, which has caused material impact on the income of the hospital.

The Company continues to spend for regular capital expenditures during the quarter amounting to ₱2.6M as disclosed in Note 11 of the unaudited interim financial statements. The Company has existing commitment to purchased medical equipment with an estimated amount of ₱48M. The Company has paid ₱9.6M as initial payment for the said medical equipment, this lodged as deposits under prepayments and other current assets.

There were no known trends, events or uncertainties that have had or that are reasonably

expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial adjustments of the interim period.

The Company is not a party to any lawsuit or claims arising from the ordinary course of business.

For Full Fiscal Years

The following table shows the financial highlights of the Company for the years then ended December 31, 2021, 2020 and 2019:

	<i>As of December 31</i>		
	<i>2021</i>	<i>2020</i>	<i>2019</i>
Income Statement Data			
Revenue	P 105,741,950	P -	P -
Other Income	4,494,865	2,621,317	1,098,490
Cost of Sales and Services	(145,937,750)	-	-
Operating expenses	(42,058,084)	(28,601,626)	(21,439,698)
Finance cost	(49,120,972)	(4,522,926)	(11,442,228)
Operating Loss	(126,879,991)	(30,503,235)	(31,783,436)
Income tax benefit	21,968,623	6,752,178	7,153,724
Net Loss	(104,911,368)	(23,751,057)	(24,629,712)

Revenue

On December 26, 2020, the Company launched the full commercial operations of its hospital building and facilities.

Revenue generated for the year amounts ₱105.7M. This was from Hospital fees and sales of medicines.

Cost of sales

Cost of sales and services in 2021 has increased by 100% or ₱145.9M. This was directly associated with the company's operation. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.

Expenses

Expenses in 2021 are higher compared to 2020 by 47.05%. The increase was attributable directly to the company's operation which commence in 2021. This was primarily due to the increased in salaries and wages and benefits, security services, depreciation, recognition of credit losses, utilities, repairs and maintenance, meeting and conferences, transportation and travel, office supplies, insurance, bank service charge, amortization, training and development and miscellaneous expenses.

Other income

Other income for the year 2021 increase by 71.47% as compared with the year 2020. The increase was due to income from cafeteria which is directly related with the Company's start of operation. This was negated by the decrease in interest income and miscellaneous income.

Finance costs

Finance cost increased by 986.04%. Finance cost in 2021 were charged directly to operation. While in previous period these were capitalized to property and equipment, since these loans were used to finance the construction of Hospital building and equipment.

Income tax benefit increased by 225.36%. This is primarily due to higher net operating loss in 2021.

Loss for the year

Loss for the year for the year 2021 is higher than losses suffered in 2020 by 341.71%. This was primarily due to the start of its operation, thus resulting to increase in cost of sales and services, operating expenses and finance cost. This was partially negated by increase in other income and recognition of income tax benefit. To mitigate the losses, the Company has strengthened its marketing efforts and relationships with its Medical Staff to increase utilization which would translate to a better revenue.

Financial Condition

STATEMENTS OF FINANCIAL CONDITION			
	2021	2020	2019
<u>ASSETS</u>			
Current Assets			
Cash	₱ 27,742,265	₱ 80,644,153	111,632,559
Trade and other receivables	16,756,531	1,555,270	246,705
Subscription receivable	59,540,781	43,942,030	22,135,667
Inventories	17,909,672	4,997,922	-
Prepayments and other current assets	56,194,140	47,491,339	70,631,146
Total Current Assets	178,143,389	178,630,714	204,646,077
Non-Current Assets			
Property and equipment, net	1,202,230,244	1,164,260,738	1,052,297,409
Intangible assets	1,409,331	1,565,923	-
Deferred tax asset	46,763,315	24,750,768	17,997,763
Total Non-Current Assets	1,250,402,890	1,190,577,429	1,070,295,172
TOTAL ASSETS	₱ 1,428,546,279	₱ 1,369,208,143	₱ 1,274,941,249
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade and other payables	₱ 85,161,226	₱ 34,636,641	₱ 59,483,717
Loans payable - current	80,000,000	101,626,957	26,702,733
Income tax payable	-	828	2,073
Advances from shareholders	26,500,000	-	-
Retention and professional fees payable	33,212,650	39,738,068	63,243,983
Total Current Liabilities	224,873,876	176,002,494	149,432,506
Non-current liabilities			
Loans payable - non current	761,221,338	712,337,216	665,511,959
Total Liabilities	986,095,214	888,339,710	814,944,465
Equity			
Share capital	172,296,000	170,741,000	167,439,000
Share premium	461,096,706	395,856,706	354,710,000
Subscribed capital stock	4,455,000	3,750,000	2,970,000
Treasury shares	(2,915,000)	(1,909,000)	(1,303,000)
Accumulated Deficits	(192,481,641)	(87,570,273)	(63,819,216)
Equity, net	442,451,065	480,868,433	459,996,784
TOTAL LIABILITIES AND EQUITY	₱ 1,428,546,279	₱ 1,369,208,143	₱ 1,274,941,249

Total assets increased from ₱1.369B to ₱1.428B. The increase was primarily due to the increase in trade and other receivables, subscription receivable, inventories, prepayments and other current assets, property and equipment and deferred tax assets. This was negated by the decrease in cash and intangible assets.

Cash decreased by ₱52.9M primarily due higher disbursements as compared with the

collection for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱126M, the company purchased inventories with ending balance of ₱17M. The company acquired property and equipment amounting to ₱78M, made partial payment on loans payables and interest amounting to ₱81.8. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.

Trade and other receivables increased by ₱15.2M primarily due to increase in trade receivables from PhilHealth and patients since the Company commenced operation in the reporting period, this was negated by the collection of advances to doctors and employees.

Subscription receivable increased by ₱15.5M due to the additional subscriptions for the period which was negated by the collection for the period.

The increase in inventories by ₱12.9M pertains mainly to purchases of hospital, laboratory and dietary supplies for the hospital operation.

Prepayments and other current assets increased by ₱8.7M. This is primarily due to the increased in advanced payment made to suppliers for hospital equipment and supplies and increased in related VAT Input on purchases of goods and services in 2021.

Property and equipment increased by ₱37.9M This was primarily due additional acquisition amounting to ₱78.5M which was negated by the increase in depreciation amounting to ₱40M.

The decrease in Intangible asset pertains mainly to the amortization of the information system for the year.

Deferred tax asset increased by ₱22M was due to the DTA recognizes for losses incurred in 2021. This was partly negated by the adjustments of taxes from prior period due to CREATE Act amounting to ₱4.1M.

Total liabilities increased by ₱97.7M. The increase was primarily due to increase trade and other payables, loans and advances from shareholders which was negated by payment of loans.

Trade and other payables increased by ₱50.5M mainly due to the increased in unpaid purchases to suppliers of goods and services, accrued expenses, payable to government and other payables for the year.

The decreased in retention and professional fees payables amounting to ₱6.5M pertains mainly to the payment of professional fee on the architectural design of the Company.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital

requirement of the hospital operation. The net increase of ₱27.2M was due to the additional loan release of ₱60,000,000 in 2021 net of the partial payment made of ₱32.7M on the principal.

The increase of ₱26.5M in advances from shareholders was due to additional advances in 2021.

The ₱38.41M decrease in the total equity is primarily due to the net loss incurred by the Company on its first year of operations and return of 50 common shares which was negated by additional subscriptions from investors.

KEY PERFORMANCE INDICATORS

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.463:1	0.717:1	0.897:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (Current assets / current liabilities)	0.792:1	1.015:1	1.369:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.229:1	1.847:1	1.772:1
3. Profitability			
a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	(0.992):1	N/A	N/A
b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.227):1	(0.05):1	(0.107):1
4. Leverage			
a. Debt to total asset ratio - the proportion of total assets financed by creditors. (total liabilities / total assets)	0.69:1	0.649:1	0.64:1
b. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	3.229:1	2.847:1	2.772:1
5. Interest Rate Coverage Ratio			
a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense)	(1.583):1	(5.744):1	(1.778):1

Remarks: The Company was able to meet its interest payments.			
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DECEMBER 31, 2021 COMPARED TO DECEMBER 31, 2020

Changes in Operating Results

	For the year ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-21	31-Dec-20	Inc (Dec)	%age	31-Dec-21	31-Dec-20
Revenue	₱ 105,741,950	₱ -	₱ 105,741,950	100%	100%	n/a
Other income	4,494,865	2,621,317	(1,873,548)	-71%	4%	n/a
Cost of sales and services	(145,937,750)	-	145,937,750	100%	-138%	n/a
Operating expenses	(42,058,084)	(28,601,626)	13,456,458	47%	-40%	n/a
Finance costs	(49,120,972)	(4,522,926)	44,598,046	986%	-46%	n/a
Income tax benefit	21,968,623	6,752,178	15,216,445	225%	21%	n/a
Net loss	₱ (104,911,368)	₱ (23,751,057)	₱ 81,160,311	342%	-99%	n/a

On December 26, 2020, the Company launched the full commercial operations of its hospital building and facilities. Revenue generated for 2021 amounts ₱105.7M. This was from Hospital fees and sales of medicines.

Cost of sales and services in 2021 has increased by 100% or ₱145.9M. This was directly associated with the company's operation. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.

Expenses in 2021 are higher compared to 2020 by 47.05%. The increase was attributable directly to the company's operation which commence in 2021. This was primarily due to the increased in salaries and wages and benefits, security services, depreciation, recognition of credit losses, utilities, repairs and maintenance, meeting and conferences, transportation and travel, office supplies, insurance, bank service charge, amortization, training and development and miscellaneous expenses.

Other income for the year 2021 increase by 71.47% as compared with the year 2020. The increase was due to income from cafeteria which is directly related with the Company's start of operation. This was negated by the decrease in interest income and miscellaneous income.

Finance cost increased by 986.04%. Finance cost in 2021 were charged directly to operation. While in previous period these were capitalized to property and equipment, since these loans were used to finance the construction of Hospital building and equipment.

Income tax benefit increased by 225.36%. This is primarily due to higher net operating loss in 2021.

Loss for the year for the year 2021 is higher than losses suffered in 2020 by 341.71%. This was primarily due to the start of its operation, thus resulting to increase in cost of sales and

services, operating expenses and finance cost. This was partially negated by increase in other income and recognition of income tax benefit.

Changes in Financial Condition

	Horizontal Analysis				Vertical Analysis	
	December 31, 2021	December 31, 2020	Inc(Dec)	%age	December 31, 2021	December 31, 2020
ASSETS						
Current Assets						
Cash	₱ 27,742,265	₱ 80,644,153	₱ (52,901,888)	-66%	2%	6%
Trade and other receivables	16,756,531	1,555,270	15,201,261	977%	1%	0%
Subscription receivable	59,540,781	43,942,030	15,598,751	35%	4%	3%
Inventories	17,909,672	4,997,922	12,911,750	258%	1%	0%
Prepayments and other current assets	56,194,140	47,491,339	8,702,801	18%	4%	3%
Total Current Assets	178,143,389	178,630,714	(487,325)	0%	12%	13%
Non-current Assets						
Property and equipment, net	1,202,230,244	1,164,260,738	37,969,506	3%	84%	85%
Intangible assets	1,409,331	1,565,923	(156,592)	-10%	0%	0%
Deferred tax asset	46,763,315	24,750,768	22,012,547	89%	3%	2%
Total Non-Current Assets	1,250,402,890	1,190,577,429	59,825,461	5%	88%	87%
Total Assets	₱ 1,428,546,279	₱ 1,369,208,143	₱ 59,338,136	4%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 85,161,226	₱ 34,636,641	₱ 50,524,585	146%	6%	3%
Loans payable - current	80,000,000	101,626,957	(21,626,957)	-21%	6%	7%
Income tax payable	-	828	(828)	-100%	0%	0%
Advances from shareholders	26,500,000	-	26,500,000	100%	2%	0%
Retention payable	33,212,650	39,738,068	(6,525,418)	-16%	2%	3%
Total Current Liabilities	224,873,876	176,002,494	48,871,382	28%	16%	13%
Non-Current Liabilities						
Loans payable - non current	761,221,338	712,337,216	48,884,122	7%	53%	52%
Total Liabilities	986,095,214	888,339,710	97,755,504	11%	69%	65%
Equity						
Share capital	172,296,000	170,741,000	1,555,000	1%	12%	12%
Share premium	461,096,706	395,856,706	65,240,000	16%	32%	29%
Subscribed capital stock	4,455,000	3,750,000	705,000	19%	0%	0%
Treasury shares	(2,915,000)	(1,909,000)	(1,006,000)	53%	0%	0%
Accumulated Deficits	(192,481,641)	(87,570,273)	(104,911,368)	120%	-13%	-6%
Equity, Net	442,451,065	480,868,433	(38,417,368)	-8%	31%	35%
Total Liabilities and Equity	₱ 1,428,546,279	₱ 1,369,208,143	₱ 59,338,136	4%	100%	100%

Total assets increased from ₱1.369B to ₱1.428B. The increase was primarily due to the

increase in trade and other receivables, subscription receivable, inventories, prepayments and other current assets, property and equipment and deferred tax assets. This was negated by the decrease in cash and intangible assets.

Cash decreased by ₱52.9M primarily due higher disbursements as compared with the collection for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱126M, the company purchased inventories with ending balance of ₱17M. The company acquired property and equipment amounting to ₱78M, made partial payment on loans payables and interest amounting to ₱81.8. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.

Trade and other receivables increased by ₱15.2M primarily due to increase in trade receivables from PhilHealth and patients since the Company commenced operation in the reporting period, this was negated by the collection of advances to doctors and employees.

Subscription receivable increased by ₱15.5M due to the additional subscriptions for the period which was negated by the collection for the period.

The increase in inventories by ₱12.9M pertains mainly to purchases of hospital, laboratory and dietary supplies for the hospital operation.

Prepayments and other current assets increased by ₱8.7M. This is primarily due to the increased in advanced payment made to suppliers for hospital equipment and supplies and increased in related VAT Input on purchases of goods and services in 2021.

Property and equipment increased by ₱37.9M This was primarily due additional acquisition amounting to ₱78.5M which was negated by the increase in depreciation amounting to ₱40M.

The decrease in Intangible asset pertains mainly to the amortization of the information system for the year.

Deferred tax asset increased by ₱22M was due to the DTA recognizes for losses incurred in 2021. This was partly negated by the adjustments of taxes from prior period due to CREATE Act amounting to ₱4.1M.

Total liabilities increased by ₱97.7M. The increase was primarily due to increase trade and other payables, loans and advances from shareholders which was negated by payment of loans.

Trade and other payables increased by ₱50.5M mainly due to the increased in unpaid purchases to suppliers of goods and services, accrued expenses, payable to government and other payables for the year.

The decreased in retention and professional fees payables amounting to ₱6.5M pertains

mainly to the payment of professional fee on the architectural design of the Company.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The net increase of ₱27.2M was due to the additional loan release of ₱60,000,000 in 2021 net of the partial payment made of ₱32.7M on the principal.

The increase of ₱26.5M in advances from shareholders was due to additional advances in 2021.

The ₱38.41M decrease in the total equity is primarily due to the net loss incurred by the Company on its first year of operations and return of 50 common shares which was negated by additional subscriptions from investors.

DECEMBER 31, 2020 COMPARED TO DECEMBER 31, 2019

Changes in Operating Results

	For the year ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-20	31-Dec-19	Inc (Dec)	%age	31-Dec-20	31-Dec-19
Other income	₱ 2,621,317	₱ 1,098,490	₱ (1,522,827)	-139%	n/a	n/a
Operating expenses	(28,601,626)	(21,439,698)	7,161,928	33%	n/a	n/a
Finance costs	(4,522,926)	(11,442,228)	(6,919,302)	-60%	n/a	n/a
Income tax benefit	6,752,178	7,153,724	(401,546)	-6%	n/a	n/a
Net loss	₱ (23,751,057)	₱ (24,629,712)	(878,655)	-4%	n/a	n/a

Other Income

Other income for the year 2020 increased by 138.63% as compared with the year 2019. This is due to increase in miscellaneous income which pertains to donated pharmaceutical medicines and sales of metal scrap. This was negated by decrease in interest income.

Expenses

Expenses in 2020 are higher compared to 2019 by 33.4%. This was primarily due to significant increase in salaries and wages and benefits as the Company started hiring nurses and frontliners, security services, depreciation, utilities, repairs and maintenance, professional fee, insurance, bank service charge, and miscellaneous expense which was partly negated by the decrease in director's allowance, meetings and conferences, transportation and travel, office supplies, taxes and licenses and advertising expense.

Finance Costs

Finance cost decreased by 60.47%. This was mainly due to payment of loans.

Income tax benefit

Income tax benefit is lower by 5.61% due to lower net operating incurred in 2020 compared to 2019.

Loss for the year

Loss for the year for the year 2020 is lower than losses suffered in 2019 by 3.57%. This was due to the impact of the restrictions in movements due to Covid 19.

Changes in Financial Condition

	Horizontal Analysis				Vertical Analysis	
	December 31, 2020	December 31, 2019	Inc(Dec)	%age	December 31, 2020	December 31, 2019
ASSETS						
Current Assets						
Cash	₱ 80,644,153	₱ 111,632,559	₱ (30,988,406)	-28%	6%	9%
Trade and other receivables	1,555,270	246,705	1,308,565	530%	0%	0%
Subscription receivable	43,942,030	22,135,667	21,806,363	99%	3%	2%
Inventories	4,997,922	-	4,997,922	100%	0%	0%
Prepayments and other current assets	47,491,339	70,631,146	(23,139,807)	-33%	3%	6%
Total Current Assets	178,630,714	204,646,077	(26,015,363)	-13%	13%	16%
Non-current Assets						
Property and equipment, net	1,164,260,738	1,052,297,409	111,963,329	11%	85%	83%
Intangible assets	1,565,923	-	1,565,923	100%	0%	0%
Deferred tax asset	24,750,768	17,997,763	6,753,005	38%	2%	1%
Total Non-Current Assets	1,190,577,429	1,070,295,172	120,282,257	11%	87%	84%
Total Assets	₱ 1,369,208,143	₱ 1,274,941,249	₱ 94,266,894	7%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 34,636,641	₱ 59,483,717	₱ (24,847,076)	-42%	3%	5%
Loans payable - current	101,626,957	26,702,733	74,924,224	281%	7%	2%
Income tax payable	828	2,073	(1,245)	-60%	0%	0%
Retention payable	39,738,068	63,243,983	(23,505,915)	-37%	3%	5%
Total Current Liabilities	176,002,494	149,432,506	26,569,988	18%	13%	12%
Non-Current Liabilities						
Loans payable - non current	712,337,216	665,511,959	46,825,257	7%	52%	52%
Total Liabilities	888,339,710	814,944,465	73,395,245	9%	65%	64%
Equity						
Share capital	170,741,000	167,439,000	3,302,000	2%	12%	13%
Share premium	395,856,706	354,710,000	41,146,706	12%	29%	28%
Subscribed capital stock	3,750,000	2,970,000	780,000	26%	0%	0%
Treasury shares	(1,909,000)	(1,303,000)	(606,000)	47%	0%	0%
Accumulated Deficits	(87,570,273)	(63,819,216)	(23,751,057)	37%	-6%	-5%
Equity, Net	480,868,433	459,996,784	20,871,649	5%	35%	36%
Total Liabilities and Equity	₱ 1,369,208,143	₱ 1,274,941,249	₱ 94,266,894	7%	100%	100%

Total assets increased from ₱1.2B to ₱1.3M. The increase was primarily due to the increase in trade and other receivables, subscription receivable, inventories, property and equipment, intangible assets and deferred tax asset which was negated by the decrease in cash and prepayments and other current assets.

Cash decreased by ₱30.9M primarily due to payment of trade and other payables, acquisition of property and equipment, intangible assets and payment of retention and professional fees payable and loans payable. These were funded by the additional loans and proceeds from issuance of shares.

Trade and other receivables increased by ₱1.3M primarily due to the increase in advances to employees.

Subscription receivable increased by ₱21.8M due to the subsequent collection which was negated by additional subscriptions for the period.

Inventories increased by ₱4.9M which consists of hospital, laboratory, and dietary supplies for the upcoming opening of the hospital.

Prepayments and other current assets decreased by ₱23.1M. This is primarily due to significant decrease in advances to contractors which were reclassified to proper account negated by the increase in VAT input and deposit to suppliers for hospital equipment and supplies.

Property and equipment increased by ₱111.9M primarily due to the recognition of building, construction in progress and additional medical equipment, transportation equipment, and office furniture and fixtures negated by significant increase in depreciation.

The increase in intangible asset was mainly due to acquisition of hospital information system at the end of the year.

Deferred tax asset increased by ₱6.7M was due to the recognition of DTA on losses incurred in 2020.

Total liabilities increased by ₱73.3M. The increase was primarily due to the additional loan availed by the company during the year and negated by payments of trade and other payables and retention and professional fees payable.

Trade payable and other liabilities decreased by ₱24.8M. This decrease was mainly due to payment of purchases of goods and services which was negated by increase of accrued expense and government payables.

The decrease in Retention and professional fees payable was mainly due to settlement of liabilities to the contractor.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The net increase of ₱121M due to the additional loan release of ₱140,000,000 in 2020 net of the partial payment made of ₱58.3M on the principal.

The ₱20.8M increase in the total equity is primarily due to issuance of shares which was partly negated by the negative result of operation for the year.

DECEMBER 31, 2019 COMPARED TO DECEMBER 31, 2018

Changes in Operating Results

	For the year ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-19	31-Dec-18	Inc (Dec)	%age	31-Dec-19	31-Dec-18
Other income	₱ 1,098,490	₱ 1,221,021	₱ 122,531	10%	n/a	n/a
Operating expenses	(21,439,698)	(22,841,164)	(1,401,466)	-6%	n/a	n/a
Finance costs	(11,442,228)	-	11,442,228	100%	n/a	n/a
Income tax benefit	7,153,724	6,767,849	385,875	6%	n/a	n/a
Net loss	₱ (24,629,712)	₱ (14,852,294)	₱ 9,777,418	66%	n/a	n/a

The Net Loss is increased substantially due to the finance costs incurred during the year as shown in the statement of comprehensive income and Notes to Financial Statements.

Net loss from operation in 2018 of PHP 14.8 Million increased by 66% to PHP 24.6 Million in 2019 as the Company still has not operated its business and will still open in the 2nd half of 2020.

While it has managed to keep its general and administrative expenses down slightly from PHP 22.8 Million to PHP 21.4 Million, it has now carried finance cost to loan of PHP 11.4 Million for the completion of its building and purchase of hospital equipment from PHP 775 Million to PHP 1.069 Billion in 2019. The NOLCO tax benefit of PHP 3.3 Million for losses available for 2019 could not be availed yet while still not in operation.

Changes in Financial Condition

	Horizontal Analysis				Vertical Analysis	
	December 31, 2019	December 31, 2018	Inc(Dec)	%age	December 31, 2019	December 31, 2018
ASSETS						
Current Assets						
Cash	₱ 111,632,559	₱ 115,395,192	₱ (3,762,633)	-3%	9%	11%
Other receivables	246,705	-	246,705	100%	0%	0%
Subscription receivable	22,135,667	5,930,000	16,205,667	273%	2%	1%
Prepayments and other current assets	70,631,146	108,749,970	(38,118,824)	-35%	6%	11%
Total Current Assets	204,646,077	230,075,162	(25,429,085)	-11%	16%	23%
Non-current Assets						
Property and equipment, net	1,052,297,409	764,204,289	288,093,120	38%	83%	76%
Deferred tax asset	17,997,763	10,841,966	7,155,797	66%	1%	1%
Total Non-Current Assets	1,070,295,172	775,046,255	295,248,917	38%	84%	77%
Total Assets	₱ 1,274,941,249	₱ 1,005,121,417	₱ 269,819,832	27%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 59,483,717	₱ 4,101,185	₱ 55,382,532	1350%	5%	0%
Loans payable - current	26,702,733	4,462,366	22,240,367	498%	2%	0%
Income tax payable	2,073	-	2,073	100%	0%	0%
Retention payable	63,243,983	39,673,017	23,570,966	59%	5%	4%
Total Current Liabilities	149,432,506	48,236,568	101,195,938	210%	12%	5%
Non-Current Liabilities						
Loans payable - non current	665,511,959	497,970,798	167,541,161	34%	52%	50%
Advances from related parties	-	9,503,555	(9,503,555)	-100%	0%	1%
Total Non-Current Liabilities	665,511,959	507,474,353	158,037,606	31%	52%	50%
Total Liabilities	814,944,465	555,710,921	259,233,544	47%	64%	55%
Equity						
Share capital	167,439,000	165,950,000	1,489,000	1%	13%	17%
Share premium	354,710,000	321,940,000	32,770,000	10%	28%	32%
Subscribed capital stock	2,970,000	710,000	2,260,000	318%	0%	0%
Treasury shares	(1,303,000)	-	(1,303,000)	100%	0%	0%
Accumulated Deficits	(63,819,216)	(39,189,504)	(24,629,712)	63%	-5%	-4%
Equity, Net	459,996,784	449,410,496	10,586,288	2%	36%	45%
Total Liabilities and Equity	₱ 1,274,941,249	₱ 1,005,121,417	₱ 269,819,832	27%	100%	100%

Current assets decreased by ₱25.5M. The decrease was primarily due to the decrease in cash, prepayments and other current assets which was negated by increase in subscription receivable.

Cash decreased by ₱3.8M mainly due to on going construction of the hospital facility during the year.

Other receivables increased by ₱.247M due to advances from employees.

Subscription receivable increased by ₱16.2M primarily due to additional stock subscription not yet fully paid.

Prepayments and other current assets decreased ₱38.1M primarily due to equipment previously paid in advance already delivered and becomes part of the Fixed Assets.

Property and equipment increased due to ongoing construction of the hospital facility during the year.

The increase in deferred tax assets was mainly due to net operating loss carry-over during the incurred.

Trade and other payables increased by ₱55.4M mainly due to purchase of equipment not yet fully paid.

Income tax payable of ₱2,073 represents the minimum corporate income tax due from sale of scrap amounting to ₱85,000.

The increase in Retention and professional fees payable by ₱23.6M was mainly due to ongoing construction of the hospital building.

Advances from shareholders decreased by ₱9.5M due to payment of advances.

Loans payable increased by ₱189.7M was primarily due to additional drawdown from the credit line from LBP to finance the ongoing construction of hospital facility.

The increase equity is primarily due to issuance of shares. This was partly negated by the negative result of operation for the year.

Material Changes in Financial Condition

<i>From January 1, 2021 to December 31, 2021</i>	<i>From January 1, 2020 to December 31, 2020</i>	<i>From January 1, 2019 to December 31, 2019</i>
a. Cash decreased by ₱52.9M primarily due higher disbursements as compared with the collection for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss	a. Cash decreased by ₱30.9M primarily due to payment of trade and other payables, acquisition of property and equipment, intangible assets and payment of retention and professional fees payable and loans payable.	a. Cash decreased by ₱3.8M mainly due to ongoing construction of the hospital facility during the year.

for the period of ₱126M, the company purchased inventories with ending balance of ₱17M. The company acquired property and equipment amounting to ₱78M, made partial payment on loans payables and interest amounting to ₱81.8. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.	These were funded by the additional loans and proceeds from issuance of shares.	
b. Trade and other receivables increased by ₱15.2M primarily due to increase in trade receivables from PhilHealth and patients since the Company commenced operation in the reporting period, this was negated by the collection of advances to doctors and employees.	b. Trade and other receivables increased by ₱1.3M primarily due to the increase in advances to employees.	b. Trade and other receivables increased by ₱.246M primarily due to the increase in advances to employees.
c. Subscription receivable increased by ₱15.5M due to the additional subscriptions for the period which was negated by the collection for the period.	c. Subscription receivable increased by ₱21.8M due to the subsequent collection which was negated by additional subscriptions for the period.	c. Subscription receivable increased by ₱16.2M primarily due to additional stock subscription not yet fully paid.
d. Inventories increased by ₱12.9M due to purchases of hospital, laboratory and dietary supplies for the hospital operation.	d. Inventories increased by ₱4.9M due to the purchases of hospital, laboratory and dietary supplies for the upcoming opening of the hospital.	
e. Prepayments and other	e. Prepayments and other	d. Prepayments and

<p>current assets increased by ₱8.7M primarily due to the increased in advanced payment made to suppliers for hospital equipment and supplies and increased in related VAT Input on purchases of goods and services in 2021.</p>	<p>current assets decreased by ₱23.1M primarily due to significant decrease in advances to contractors which were reclassified to proper account negated by the increase in VAT input and deposit to suppliers for hospital equipment and supplies.</p>	<p>other current assets decreased by ₱38.1M primarily due to equipment previously paid in advance already delivered and becomes part of the Fixed Assets.</p>
<p>f. Property and equipment increased by ₱37.9M primarily due additional acquisition amounting to ₱78.5M which was negated by the increase in depreciation amounting to ₱40M.</p>	<p>f. Property and equipment increased by ₱111.9M primarily due to the recognition of building, construction in progress and additional medical equipment, transportation equipment, and office furniture and fixtures negated by significant increase in depreciation.</p>	<p>e. Property and equipment due to ongoing construction of the hospital facility during the year.</p>
<p>g. Intangible asset decreased by ₱156K due to the amortization of the information system for the year.</p>	<p>g. Intangible asset increased by ₱1.5M acquisition of hospital information system at the end of the year.</p>	
<p>h. Deferred tax asset increased by ₱15.7M due to the DTA recognizes for losses incurred in 2021. This was partly negated by the adjustments of taxes from prior period due to CREATE Act amounting to ₱4.1M.</p>	<p>h. Deferred tax asset increased by ₱6.7M due to the recognition of DTA on losses incurred in 2020.</p>	<p>f. Deferred tax asset mainly due to net operating loss carry-over during the incurred.</p>
<p>i. Trade and other payables increased by ₱50.5M due to the increased in unpaid purchases to suppliers of goods and services, accrued expenses, payable to</p>	<p>i. Trade and other payables decreased by ₱24.8M mainly due to payment of purchases of goods and services which was negated by increase of accrued</p>	<p>g. Trade payable and other liabilities increased by ₱55.4M mainly due to purchase of equipment not yet fully paid.</p>

government and other payables for the year.	expense and government payables.	
		h. Income tax payable increased by ₱2,073
		represents the minimum corporate income tax due from sale of scrap amounting to ₱85,000.
j. Retention and professional fees decreased by ₱6.5M	j. Retention and professional fees decreased by ₱23.5M	i. Retention and professional fees increased by ₱23.6M
due to the payment of professional fee on the architectural design of the Company.	due to settlement of liabilities to the contractor.	mainly due to ongoing construction of the hospital building.
k. Loans payable increased by ₱27.2M represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The net increase of ₱27.2M was due to the additional loan release of ₱60,000,000 in 2021 net of the partial payment made of ₱32.7M on the principal.	k. Loans payable increased by ₱121M represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The net increase of ₱121M due to the additional loan release of ₱140,000,000 in 2020 net of the partial payment made of ₱58.3M on the principal.	j. Loans payable increased by ₱189.7M primarily due to additional drawdown from the credit line from LBP to finance the ongoing construction of hospital facility.
l. Advances from shareholders increased by ₱26.5M		k. Advances from shareholders decreased by ₱9.5M
due to additional advances in 2021.		due to payment of advances.
m. Equity decreased by ₱26.5M primarily due to the net loss incurred by the Company on its	l. Equity increased by ₱20.8M due to issuance of shares which was partly negated by	l. Equity increased by ₱10.5M primarily due to issuance of shares. This was partly

first year of operations and return of 50 common shares which was negated by additional subscriptions from investors.	the negative result of operation for the year.	negated by the negative result of operation for the year.
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Material Changes in Operations

2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
a. Revenue increased by 100% due to full commercial operations of its hospital building and facilities. Revenue generated for the year amounts ₱105.7M. This was from Hospital fees and sales of medicines.		
b. Cost of sales and services directly associated with the company's operation. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.		
c. Expenses increased by 47.05% the increase was attributable directly to the company's operation which commence in 2021. This was primarily due to the increased in salaries and wages and benefits, security services, depreciation, recognition of credit losses, utilities, repairs and maintenance, meeting and conferences, transportation	a. Expenses increased by 33.4% primarily due to significant increase in salaries and wages and benefits as the Company started hiring nurses and frontliners, security services, depreciation, utilities, repairs and maintenance, professional fee, insurance, bank service charge, and miscellaneous expense which was partly negated by the	a. Expenses decreased by 6% Though there was a significant increase in salaries and wages, depreciation, utilities, repairs and maintenance, statutory, transportation and travel, bank service charge and management fees, this was negated by the

and travel, office supplies, insurance, bank service charge, amortization, training and development and miscellaneous expenses.	decrease in director's allowance, meetings and conferences, transportation and travel, office supplies, taxes and licenses and advertising expense.	significant decrease in director's allowance, professional fees, taxes and licenses, meetings and conferences, office supplies, promotional expenses, penalties and miscellaneous expense.
d. Other income increased by 71.47% the increase was due to income from cafeteria which is directly related with the Company's start of operation. This was negated by the decrease in interest income and miscellaneous income.	b. Other income increased by 138.63% due to increase in miscellaneous income which pertains to donated pharmaceutical medicines and sales of metal scrap. This was negated by decrease in interest income.	b. Other income decreased by 11.15% primarily due to lower interest income earned in 2019 compared to 2018 which was negated the increase in income earned from scrap metal.
e. Finance cost increased by 986.04% finance cost in 2021 were charged directly to operation. While in previous period these were capitalized to property and equipment, since these loans were used to finance the construction of Hospital building and equipment.	c. Finance cost decreased by 60.47% This mainly due to payment of loans.	c. Finance cost increased by 100% primarily due to interest incurred on equipment loans which were charged to operations.
f. Income tax benefit increased by 225.36% primarily due to higher net operating loss in 2021	d. Income tax benefit decreased by 5.61% due to lower net operating incurred in 2020 compared to 2019.	d. Income tax benefit increased by 6% due to higher net operating loss because of the 100% increase in finance cost.
g. Loss for the year increased by 315.96% primarily due to the start of its operation, thus resulting to increase in cost of sales and services, operating expenses and finance cost. This was partially negated by increase in other income and	e. Loss for the year decreased by 4.03% due to the impact of the restrictions in movements due to Covid 19.	e. Loss for the year increased by 39.70% primarily due 100% increase in finance cost in 2019 and decrease in other income.

recognition of income tax benefit.		
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There are no known trends, events or uncertainties that have material impact on liquidity. Nevertheless, Management still continues to pursue intensive collection efforts to reduce accounts receivables and improve cash management.

The Company is not involved in legal proceedings, tax and/or regulatory assessments.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company continues to spend for capital expenditures in relation to the hospital building and acquisition of medical and transportation equipment, office furniture and fixtures and dietary tools and equipment.

The Company commenced operations last December 26, 2020.

The financial condition or results of operations of the Company are not affected by any seasonal change.

Financial Risks

- a. Interest Rate Risk – The Company’s interest rate risk is limited to its cash in banks and loans payable.
- b. Credit Risk – The Company’s credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD.
- c. Liquidity Risk – As part of the Company’s overall liquidity management, the Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there’s any.

The Company has no investments in foreign securities.

D. Certain Relationships and Related Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control

with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its stockholders. Outstanding balances are settled through cash.

A summary of the transactions and account balances with related parties follows:

March 31, 2022 (Unaudited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Major Shareholders	Advances	₱11,100,000	₱37,600,000	Non-interest bearing; Payable in cash; No scheduled repayment terms	Unsecured

December 31, 2021

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Major Shareholders	Advances	₱26,500,000	₱26,500,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Cash Advances

The Company obtains cash advances from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

There is no transaction with promoters for the past 5 years.

E. Management and Certain Security Holders

Directors, Executive Officers

There are fifteen (15) members of the Board, three (3) of whom are independent directors who hold office for one (1) year. Please refer to page 22 for the list of incumbent directors/officers. The Corporation relies significantly on the continued collective efforts of its senior executive officers and expects each employee to do his share in achieving the Corporation's goals.

Except for Drs. Amado Manuel C. Enriquez, Jr. and Miguel Antonio R. Enriquez, who are father

and son, respectively, Dr. Nicolas Molon and Mrs. Edna Molon, who are husband and wife, Dr. Geanie Cerna – Lopez and Dr. Mark Joseph Lopez, who are mother and son, respectively, Dr. Evangeline Zozobrado, Col. Agustin Zozobrado and Dr. Pamela Zozobrado, who are spouse and daughter, respectively, Dr. Ronald Ramiro and Dr. Jane Ramiro, who are husband and wife, Dr. Roberto de Leon and Dr. Rhodora de Leon, who are husband and wife, Dr. Ronald Ramiro and Dr. Jane Ramiro, who are husband and wife, and Ms. Joy Luna and Ms. Floram Limotlimot, who are sisters, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

The following Directors are parties to legal proceedings in their capacity as Directors of the Company:

1. Geanie A. Cerna-Lopez
2. Velma T. Chan
3. Amado Manuel C. Enriquez, Jr.
4. Nicolas S. Molon
5. Ronald L. Ramiro
6. Marietta T. Samoy
7. Evangeline Y. Zozobrado
8. Joy C. Luna
9. Roberto M. de Leon
10. Felix P. Nolasco

The following Directors were not named respondents to the proceedings since they were not yet Directors of the Company at the time the cases were filed:

1. McArthur Conrado A. Salonga, Jr.
2. Ma. Asuncion Hipolita B. Libre
3. John Clifford Aranas
4. Elda Grace Anot
5. John Jerlyn Cruz
6. Fay Jasmine delos Santos
7. Florentina Ty
8. Julio L. Gonzalez
9. Marissa A. Orillaza
10. Edward A. Chua
11. Ma. Luisa S. Tan
12. Neonita C. Antigua

Civil Case No. R-CEB-18-01248-CV, Branch XI, Cebu City (Complaint for Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's Fees) - Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia vs. ACE Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald L. Ramiro, Marietta T. Samoy and Evangeline Y. Zozobrado

On March 7, 2018, complainants Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia, through counsel filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint. However, the complaint for Manila based Doctors are yet to be served.

The Defendants filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. The case was scheduled for Mediation on July 14, 2021. Since an agreement was not reached, another mediation was scheduled on July 29, 2021. No agreement was reached so it was sent back to court for judicial dispute resolution, which was held on February 9, 2022. Since the JDR failed, it was scheduled for pre-trial. The pre-trial conference was scheduled on June 3, 2022.

Civil Case No. R-CEB-18-00601-CV, Branch XI, Cebu City (Complaint for Issuance of Certificate of Stock, Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's Fees) – Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez, Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald S. Ramiro, Marietta T. Samoy, and Evangeline Y. Zozobrado

On February 5, 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgment, but the same was opposed by the defendants on May 15, 2018. The Court has not yet ruled on the plaintiff's Motion for Partial Summary Judgment of May 2, 2018. Unless the Court resolves the Motion for Summary Judgment by the plaintiff, the case will not move on.

The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for Mediation on June 16, 2021. Since an agreement was not reached, the pre-trial on August 13, 2021 will proceed as scheduled. On November 5, 2021, a hearing was held but no resolution. Another hearing was scheduled last March 4, 2022 but plaintiff was unavailable. On April 22, 2022, another hearing was scheduled but plaintiff requested that his previous manifestation be addressed first. Next hearing schedule will be on June 24, 2022.

Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado

and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. Al vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez and Velma T. Chan

The Petitioners have filed a Special Civil Action case for Mandamus, to compel the Respondents to immediately issue their 100% pre-emptive rights. The Petitioners claim they are entitled to 10 shares based on their computation of 0.000083333 ownership multiplied by 120,000 (increase in Capital).

Respondents received the Court Order on 11 December 2018 and filed their Comment to the Petition last January 7, 2019; the Plaintiffs also filed their reply. On November 25, 2020 at 8:30AM, a Judicial Dispute Resolution was conducted by RTC Branch 12, Cebu City via video conference hearing. Both parties did not come into an agreement. The Petitioners demanded PHP 600,000.00 from the Respondents. The case was scheduled for Pre-Trial on June 11, 2021. Counsel of the petitioners did not show up for the scheduled pre-trial due to some issues with the notice. Pre-trial was moved and held last November 5, 2021. A hearing was held last March 4, 2022 for presentation of petitioner's evidence. On April 22, 2022, another hearing was scheduled but cancelled since petitioner, Carol Suarez, was not available. On May 27, 2022, another hearing was held for presentation of petitioner's evidence. The next scheduled hearing will be on June 24, 2022.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies, and practices.

F. Corporate Governance

The Corporation has filed its updated Manual on Corporate Governance on August 14, 2020. The Board has organized the different committees to assist in the pursuit of its mission and vision, in accordance with good corporate practices as embodied in the manual.

The Board of Directors conducts an annual performance evaluation to determine its level of compliance with the Manual. The top-level management's performance are monitored and assessed by the Board.

New Directors are provided orientation and training on the leading practices on good corporate governance. The training is done by a SEC-accredited training company.

There has been no major deviation from the Company's Manual.

The Company intends to improve the corporate governance of the Company through continuous training of its Directors and Officers.

The Company remains committed to its Corporate Vision-Mission and mandate as reflected by the following programs and activities, implemented in support of this purpose:

1. Last December 16, 2021, after the Typhoon Odette, the Corporation opened its unused rooms to its employees affected by the said typhoon. Employees and those in the surrounding areas were also provided with clean water and were allowed to charge for free 2 gadgets or rechargeable lamps at the dedicated charging stations. The Corporation also opened its OPD to 3 families from the community affected by the typhoon.

The independent directors have submitted their Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

ANNEX "D"

Top 20 Stockholders Allied Care Experts (ACE) Medical Center-Cebu Inc. As of May 31, 2022

No.	NAME OF STOCKHOLDER	NUMBER OF SHARE	AMOUNT (PHP)	% OF OWNERSHIP
1.	Enriquez, Amado Manuel, Jr. C. Director/Chairman	15,000	15,000,000	9.08%
2.	Chan, Velma T. Director	5,006	5,386,000	3.03%
3.	Molon, Nicolas S. Director/Vice Chairman	2,500	2,500,000	1.51%
4.	Salonga, Mcarthur Conrado, Jr. A. Director/President	2,500	2,500,000	1.51%
5.	Zozobrado, Evangeline Y. Director/Treasurer	2,500	2,500,000	1.51%
6.	Samoy, Marietta T. Assistant Corporate Secretary	2,500	2,500,000	1.51%
7.	Cerna-Lopez, Geanie A. Director/Vice President	2,500	2,500,000	1.51%
8.	De Leon, Roberto M. Director	2,500	2,500,000	1.51%
9.	Libre, Ma. Asuncion Hipolita B. Director/Corporate Secretary	2,500	2,500,000	1.51%
10.	Luna, Joy C. Director	2,500	2,500,000	1.51%
11.	Gabriel, Enjel A. Assistant Treasurer	2,500	2,500,000	1.51%
12.	Nolasco, Felix P.	2,500	2,500,000	1.51%
13.	Gonzalez, Julio L.	2,500	2,500,000	1.51%
14.	Orillaza, Generoso M.	2,500	2,500,000	1.51%
15.	Aranas, John Clifford E. Director	2,500	2,500,000	1.51%
16.	De Los Santos, Fay Jasmine Director	2,500	2,500,000	1.51%
17.	Anota, Elda Grace Director	2,500	2,500,000	1.51%
18.	Cruz, John Jerlyn G. Director	2,500	2,500,000	1.51%
19.	Ramiro, Ronald L. Director	2,500	2,500,000	1.51%
20.	Yap, Matthew G.	2,500	2,500,000	1.51%

7TH ANNUAL STOCKHOLDERS' MEETING
23 AUGUST 2021

	NAME OF ATTENDEE	NO. OF SHARES	VOTING RIGHTS (1 SHARE = 1 VOTE)	VOTING RIGHTS IN THE ELECTION OF DIRECTORS (NO. OF SHARES X 15)
1	Enriquez, Amado Manuel Jr. C.	15,000	15,000	225,000
2	Salonga, Mcarthur Conrado Jr. A.	2,500	2,500	37,500
3	Samoy, Marietta T.	2,500	2,500	37,500
4	Cerna-Lopez, Geanie A.	2,500	2,500	37,500
5	Zozobrado, Evangeline Y.	2,500	2,500	37,500
6	Libre, Ma. Asuncion Hipolita B.	2,500	2,500	37,500
7	Antigua, Neonita C.	1,250	1,250	18,750
8	Molon, Nicolas S.	2,500	2,500	37,500
9	Macias, Marianne S.	2,500	2,500	37,500
10	Tam, Carl Davin C.	2,500	2,500	37,500
11	Tam, Mark Davison C.	2,500	2,500	37,500
12	Yap, Matthew G.	2,500	2,500	37,500
13	Chua, Edward	2,500	2,500	37,500
14	Lopez, Mark Joseph C.	2,500	2,500	37,500
15	Orillaza, Generoso	2,500	2,500	37,500
16	Ramiro, Ronald L.	2,500	2,500	37,500
17	Anota, Elda Grace G.	2,500	2,500	37,500

18	Molon, Myla Noreen	2,500	2,500	37,500
19	Molon, Jan Noel	2,500	2,500	37,500
20	Orillaza, Marissa	2,500	2,500	37,500
21	Limotlimot, Floram C.	2,500	2,500	37,500
22	Enriquez, Michael Edward R.	2,500	2,500	37,500
23	Cimafranca, Jude Martin F.	2,500	2,500	37,500
24	Aranas, John Clifford	2,500	2,500	37,500
25	Co, Luisito R.	2,500	2,500	37,500
26	De Leon, Ma. Rhodora	2,500	2,500	37,500
27	Zozobrado, Agustin	2,500	2,500	37,500
28	Gigataras, Roland Mark	2,500	2,500	37,500
29	Luna, Joy C.	2,500	2,500	37,500
30	Briones, Wyben R.	2,000	2,000	30,000
31	Gonzalez, Julio L.	2,500	2,500	37,500
32	Gartalia, Roseller	2,500	2,500	37,500
33	Ty, Florentina U.	2,500	2,500	37,500
34	Nolasco, Felix P.	2,500	2,500	37,500
35	Dela Rosa, Esmeralda	2,500	2,500	37,500
36	De Castro, Felicisimo	2,500	2,500	37,500
37	Cruz, Maita	2,500	2,500	37,500
38	Molon, Edna	2,500	2,500	37,500
39	Ramiro, Jane	2,500	2,500	37,500
40	De Leon, Roberto M.			37,500

		2,500	2,500	
41	Cruz, John Jerlyn	2,500	2,500	37,500
42	Nolasco, Eulenia	2,500	2,500	37,500
43	Tan, Ma. Luisa S.	2,500	2,500	37,500
44	Luna, Rodolfo	2,500	2,500	37,500
45	De Los Santos, Fay Jasmine	2,500	2,500	37,500
46	Mata, John	2,500	2,500	37,500
47	Sara, Zeneicov	2,500	2,500	37,500
48	Chan, Velma T.	5,006	5,006	75,090
50	Enriquez, Marilyn R.	2,500	2,500	37,500
51	Gabriel, Enjel	2,500	2,500	37,500
52	Enriquez, Miguel Antonio R.	2,500	2,500	37,500
53	Labastilla, James	10	10	150
54	Pason, Danna Mae	10	10	150
55	Dang, Donna	13	13	195
56	Montesclaros, Myles	10	10	150
57	Mangas, Marilou	10	10	150
58	Sy, Florge Michael	10	10	150
59	Andaya, Bryan Karl	10	10	150
60	Lepon, Delse Mae	10	10	150
61	Braga, Cecile Myla	10	10	150
62	Tio, Mary Christine	10	10	150
63	Tenedo, Maria Rowan	13	13	195
64	Atillo, Roy Paolo	10	10	150
65	Hairane, Ainon	13	13	195
66	Bayawa, Alan	10	10	150
67	Villarete, Nigel Paul	10	10	150
68	Espina, Joseph Michael	10	10	150
69	Gemzon, Mario	10	10	150
70	Yap, Dominic Ros	10	10	150
71	Bagoyado, Katherina	10	10	150
72	Sim, Anabel	10	10	150

73	Dira, Emily	10	10	150
74	Seguerra, Jordan Raymund	13	13	195
75	Abelo, Juanito	10	10	150
76	Rosal, Mark Anthony	13	13	195
77	Guigayoma, Pura	10	10	150
78	Solis, Alberto Jr.	26	26	390
79	Juezan, Mary Ann	10	10	150
80	Gatus, Karen	10	10	150
81	Salahudin, Joel	10	10	150
82	Suson, Ed Antonio	13	13	195
83	Concepcion, Bruce	10	10	150
84	Bagano, Marlo	10	10	150
85	Cabahug, Gerardo	10	10	150
86	Colimbo, Nathalie Rose	10	10	150
87	Gonzalez, Alicia M.	10	10	150
88	Pacoli, Mae	10	10	150
89	Serrato, Anecito	10	10	150
90	Arnado, Maximo Isidore	13	13	195
91	Pinat, Josephine Virginia	10	10	150
92	Karamihan, Dave John	26	26	390
93	Varona, Ma. Carla Yvonne	10	10	150
94	Lucernas, Carmencita	13	13	195
95	Valles, Nikki Santino	10	10	150
96	Apurada, Mylene	10	10	150
97	Ong, Loreto	10	10	150
98	Tan, Reynards	10	10	150
99	Pimentel, Rass Shields	10	10	150
100	Beltran, Nathalie Faith	10	10	150
101	Pacaña, Rhea Monica	10	10	150
102	Alvarez, Deolito	10	10	150
103	Jasani, Rehana	10	10	150
104	Gomez, Raymond	10	10	150
105	Dionson, Danica Faye	10	10	150
106	Yen, Julius	10	10	150
107	Fajardo-Nery, Vanessa	10	10	150
108	Lao, Ayn Marie	10	10	150
109	Sombilon, Emmanuel	13	13	195
110	Dimaronsing, Hannah	10	10	150
111	Binaoro, Bunny Lou Marie	10	10	150
112	Co, Gerard Neville	10	10	150
113	Fernandez, Christian	10	10	150

114	Lomotos, Sharon	10	10	150
115	Yap, Deserree	10	10	150
116	Kho, Ron Russell	10	10	150
117	Agujetas, Filden	13	13	195
118	Huang, Dianne	10	10	150
119	Gravador, Margaret Ann	10	10	150
120	Montecillo, Mitzil	10	10	150
121	Ismael, Judith	10	10	150
122	Solomon, Mary Anne	10	10	150
123	Albarracin, Ahlmark	10	10	150
124	Yu, Siony	10	10	150
125	Ranile, Lesley Mae	10	10	150
126	Borromeo, Daniel	10	10	150
127	Madarang, Eduardo Jr.	10	10	150
128	Tabuena, Clive	10	10	150
129	Clark, Anna Melissa	10	10	150
130	Gabriel, Eden	10	10	150
131	Purificacion, Noel	10	10	150
132	Buot, Michelene	10	10	150
133	Borromeo, Johanna	10	10	150
134	Casiño, Rhett	10	10	150
135	Embalzado, Renie Angelo	10	10	150
136	Mangubat, Desiree Ann	13	13	195
137	Su, Alma	10	10	150
138	Castro, Leidenia	10	10	150
139	Yu, Jerlyn	10	10	150
140	Baking-Fernandez, Saleshe Tracy	10	10	150
141	Cabalit, Maybelle	13	13	195
142	Cruz, Abigail	10	10	150
143	Tangpos, Cindy Mae	10	10	150
144	Bullo, Stephen	10	10	150
145	Camacho, Ma. Kristine Claire	10	10	150
146	Gillesania, Julie Anne	10	10	150
147	Buenconsejo, Mark John	10	10	150
148	Apiag, Cherry-Lee	10	10	150
149	Condrado, Ma. Regina	10	10	150
150	Engracia, Warfe	10	10	150
151	Cuiz0na, Joselito	10	10	150
152	Llenos, Sheryl Ann	10	10	150
153	Lazarte, Jorgia	10	10	150
154	Lambo, Nelda	10	10	150

155	Lumapas, Hans David	10	10	150
156	Oberes, James Hendy	10	10	150
157	Gumapac, Mario	10	10	150
158	Tan, Janelle	13	13	195
159	Tan, Godofreda	13	13	195
160	Rosal, Maurine	13	13	195
161	Sevilla-Garife, Stephanie	10	10	150
162	Barbadillo, Pocholo	10	10	150
163	Santiago, Jeteoneth Theresa	10	10	150
164	Dela Cerna, Orville	10	10	150
165	Hilongo, Kirsten Astrid	10	10	150
166	Limpo, Stephan	13	13	195
167	Echin, Vincent	13	13	195
168	Generale, Roi Ariel	10	10	150
169	Faelnar, Loida Cheryl	13	13	195
170	Seguerra, Yvette	13	13	195
171	Lao, Emelita	10	10	150
172	Olleras, Carmelita	10	10	150
173	Joyag, Mario Jr.	13	13	195
174	Peñaranda, Jan Philip	10	10	150
175	Rosales, Carmelita	13	13	195
176	Yangyang, Rustico Jr.	13	13	195
177	Pace, Jose	26	26	390
178	Carvajal, Consolacion	10	10	150
179	Reroma, Gilbert	10	10	150
180	Aguilos, Mae Kirstin	10	10	150
181	Compahinay, Mateo Jr.	10	10	150
182	Chan, Clement	10	10	150
183	Kintanar, Michelle Marie	13	13	195
	Stockholders With Proxy			
184	Zozobrado, Kaye	2,500	2,500	37,500
	Proxy: Zozobrado, Evangeline			
185	Nasol, Flordelis	2,500	2,500	37,500
	Proxy: Nasol, Caridad			
186	Salloman, Justinne	500	500	7,500
	Proxy: Briones, Wyben			
187	Gascon, Ervin Jules	10	10	150
	Proxy: Gascon, Armistes			
188	Ruedas, Joseph Burt	10	10	150

	Proxy: Ruedas, Dorothy Ann			
	TOTAL	147,703	147,703	2,215,545



982 N. BACALSO AVE., BRGY. BASAK, PARDO, CEBU CITY PHILIPPINES

ATTENDANCE FOR THE YEAR 2021

Name of Director	Date of Meeting													
	JAN	FEB	FEB (S)	MAR	APR	APR (S)	MAY	JUN	JUL	AUG	AUG (S)	SEPT	OCT	NOV
ANOTA, ELDA GRACE G.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
ARANAS, JOHN CLIFFORD E.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	A	A	P
BIONES, WYBEN R.	P	P	P	P	P	P	P	P	P	P	NLAD	NLAD	NLAD	NLAD
CERNA LOPEZ, GEANIE	P	P	P	P	P	P	P	P	P	P	P	P	P	P
CHAN, VELMA	P	P	P	P	P	P	P	P	P	P	P	P	P	P
CIMA FRANCA, JUDE MARTIN F.	P	A	A	P	P	A	P	A	P	P	NLAD	NLAD	NLAD	NLAD
CRUZ, JOHN JERLYN	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	A	P	P
DE CASTRO, FELICISIMO D.	P	A	A	P	A	A	P	P	P	P	NLAD	NLAD	NLAD	NLAD
DE LEON, ROBERTO M.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
DE LOS SANTOS, FAY JASMINE G.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
DELA ROSA, ESMERALDA V.	P	P	A	P	P	P	P	P	P	P	NLAD	NLAD	NLAD	NLAD
ENRIQUEZ, AMADO MANUEL JR.	P	P	P	P	P	P	P	P	P	P	P	P	P	P
ENRIQUEZ, MIGUEL ANTONIO R.	P	P	P	P	P	P	P	P	P	P	NLAD	NLAD	NLAD	NLAD
GABRIEL, ENJEL A.	P	P	P	P	P	P	P	P	P	P	NLAD	NLAD	NLAD	NLAD
GIGATARAS, ROLAND MARK M.	P	P	A	P	P	A	P	P	P	P	NLAD	NLAD	NLAD	NLAD
LIBRE, MA. ASUNCION HIPOLITA	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
LUNA, JOY C.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
MOLON, NICOLAS	P	P	P	P	P	P	P	P	P	P	P	P	P	P
RAMIRO, RONALD L.	P	P	A	P	P	A	P	P	P	P	P	P	P	P
SALONGA, MCARTHUR CONRAD	P	P	P	P	P	P	P	P	P	P	P	P	P	P
SAMOY, MARIETTA T.	P	P	P	P	P	P	P	P	P	P	NLAD	NLAD	NLAD	NLAD
TY, FLORENTINA U.	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	NYAD	P	P	P	P
ZOZOBRADO, EVANGELINE Y.	P	P	P	P	P	P	P	P	P	P	P	P	P	P

Legend: P - Present

A - Absent

NYAD - Not yet a Director

NLAD - No longer a Director

PREPARED BY:

ATTESTED BY:

MA. ASUNCION HIPOLITA B. LIBRE, MD

Corporate Secretary

AMADO MANUEL C. ENRIQUEZ, JR., MD

Chairman

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MARISSA A. ORILLAZA, Filipino, of legal age and a resident of 105 MOTHER IGNACIA AVENUE UNIT 9, SOUTH TRIANGLE, QUEZON CITY, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ACEMC-DUMAGUETE and it will be my first time to be an independent director.
2. I am affiliated with the following companies or organizations .

Company/Organization	Position/Relationship	Period of Service
1. ACEMC-Valenzuela	Founding Member Director	January 2014 to present Currently On Board
2. ACEMC-Pateros	Founding Member Director	June 2012 to present Currently On Board
3. ACEMC-Quezon City	Founding Member Director	June 2013 to present Currently on Board
4. ACEMC-Tacloban	Founding Member Director	October 2016 to present Currently on Board
5. N/A		


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ALIED CARE EXPERTS - DUMAGUETE DOCTORS INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of different ACE group of hospitals as follows other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A		
N/A		
N/A		
N/A		
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an Independent Director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

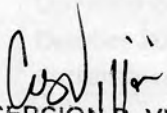
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances
8. I shall inform the Corporate Secretary of ACEMC-DUMAGUETE of any changes in the abovementioned information within five days from its occurrence.

Done this 21st day of June 2022 , at Quezon City.


MARISSA A. ORILLAZA, MD
Affiant

SUBSCRIBED AND SWORN to before me this 21 day of JUN 21 2022, at QUEZON CITY affiant personally appeared before me and exhibited to me his/her _____ issued on _____, at _____

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ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2022
PTR No. 2442851 / January 3, 2022 Q.C
IBP No. 167802 / November 25, 2021 Q.C
Roll No. 30457 / 05-09-1980
MCLE VI-0030379 / 02-21-2020
ADM. MATTER No. NF-005 (2022-2023)
TIN NO. 131-942-754

CERTIFICATION OF INDEPENDENT DIRECTOR

I, EDWARD A. CHUA, Filipino, of legal age and a resident of Cebu City, Cebu, having been duly sworn in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Allied Care Experts Medical Center - Cebu Inc. and have been its independent director since N/A.
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
N/A		

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts Medical Center - Cebu Inc, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances
- 4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A		

- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);
- 6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules
- 7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances
- 8. I shall inform the Corporate Secretary of Allied Care Experts Medical Center - Cebu Inc of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 22 2022 day of _____, at CEBU CITY

EDWARD A. CHUA, MD
Affiant

SUBSCRIBED AND SWORN to before me this JUN 22 2022 day of _____, at _____
_____ affiant personally appeared before me and exhibited to me his/her _____ issued on _____, at _____

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Book No 45
Series of 2022.

Paula
ATTY. DOMINIC A. DIÑO
Notary Public for Cebu City
Commission No. 111-09 valid until 31 December 2022
Roll No. 56281, PTR No. 3458853, Cebu City, 1-7-2022
IBP NO. AR NO. 192310, IBP Cebu City, 1-11-2022
Office Address D. Jakosalem St., Sto. Nino, Cebu City, 6000
Contact No. 09088844981

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MA. LUISA S. TAN, MD, Filipino, of legal age and a resident of Cebu City, Cebu, having been duly sworn in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Allied Care Experts Medical Center - Cebu Inc. and have been its independent director since N/A.
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
N/A		

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts Medical Center - Cebu Inc, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances
- 4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A		

- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);
- 6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules
- 7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances
- 8. I shall inform the Corporate Secretary of Allied Care Experts Medical Center - Cebu Inc of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 22 2022 day of _____, at CEBU CITY.

MA. LUISA S. TAN, MD
Affiant

JUN 22 2022
SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____
CEBU CITY affiant personally appeared before me and exhibited to me his/her _____
issued on _____, at _____

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Book No 45
Series of 2022.

ATTY. DOMINIC A. DIÑO
Notary Public for Cebu City
Commission No. 111-09 valid until 31 December 2022
Roll No. 56281, PTR No. 3455853, Cebu City, 1-7-2022
IBP NO. AR NO. 192310, IBP Cebu City, 1-11-2022
Office Address D. Jakosalem St., Sto. Nino, Cebu City, 6000
Contact No. 09088844981

Subject: Re: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-CEBU, INC_SEC FORM 17Q_20MAY2022

Date: Friday, May 20, 2022 at 4:05:25 PM Philippine Standard Time

From: ICTD Submission

To: corpsecacemcebu@gmail.com

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website

at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over-the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

COVER SHEET

C	S	2	0	1	4	2	1	6	7	5
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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

**MCARTHUR CONRADO A. SALONGA JR,
M.D.**

Contact Person

(032) 265-5833

(Company Telephone Number)

Month

(Fiscal Year)

SEC FORM 17Q

(Form Type)

2nd Sunday of April

Month Day

(Annual Meeting)

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2070

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

A diagram showing a horizontal row of 10 empty rectangular boxes, each representing a file slot. Below the row, the text "File Number" is centered under the first box.

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended ...**March 31, 2022**
2. Commission Identification Number. **CS201421675**
3. BIR Tax Identification No. **008-899-890**
4. Exact name of issuer as specified in its charter
Allied Care Experts (ACE) Medical Center – Cebu, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Cebu, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
N. Bacalso Avenue, Basak Pardo, Cebu City **6000**
8. Issuer's telephone number, including area code
(032) 383-3454
9. Former name, former address and former fiscal year, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARE, P1,000 PAR VALUE	172,076 shares / P998,123,906

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

Yes ☐ No ☒

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

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements of Allied Care Experts (ACE) Medical Center – Cebu ,Inc. (the Company) as at and for the three months ended March 31, 2022 (with comparative figures as at December 31, 2021 (Audited) and for the three months ended March 31, 2021 (Unaudited) are filed as part of this form 17-Q as Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

As of March 31, 2022, the assets of the Company amounts to ₱1,432,608,524, which is 0.3% or ₱4,062,245 higher than the December 31, 2021 balance of ₱ 1,428,546,279. The increase was due to the increased in cash, trade and other receivables and deferred tax assets and deferred tax assets. This was partly negated by the decreased subscription receivable, inventories, prepayments and other current assets, property and equipment and intangible asset.

The increased in Cash by ₱5,221,803 was primarily due to proceeds from issuance of shares and advances from shareholders for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱16M. The company acquired property and equipment amounting to ₱2.5M. These disbursements were partly funded by the collection of subscription and additional advances from shareholders.

The increased in trade and other receivables by ₱4,270,911 was due to uncollected revenue from PhilHealth, receivables from patients and reimbursements from DSWD availed by patients and increase in of advances to doctors and employees.

The decreased in subscription receivable by ₱2,269,692 was primarily due to payment of subscriptions during the first quarter of 2022 negated by additional subscriptions.

The decreased in inventories by ₱519,337 was mainly due to decrease in hospital supplies, dietary supplies and office supplies.

The decreased in prepayments and other current assets by ₱410,675 was primarily due to the decrease in advance payment to suppliers negated by the increase in Input VAT and prepaid income tax.

The decrease in property and equipment by ₱7,518,899 was due to depreciation for the quarter net of acquisitions made for the period amounting to ₱2,562,045.

The decrease in Intangible asset pertains mainly to the amortization of the information system for the first quarter of the 2022.

Deferred tax asset increased by ₱5,343,328 due to recognition of DTA for losses incurred by the Company in first quarter of 2022.

Total liabilities increased by ₱12,028,692. The increase was primarily due to increase trade and other payables and advances from shareholders which was negated by payment of retention payable.

Trade and other payables increased by ₱2,523,728 primarily due to the increased in purchases and accrued expenses in the first quarter of 2022.

The increased in advances from shareholders amounting to ₱11.1M pertains mainly to additional advances in first quarter of 2022.

The decreased in retention payable amounting to ₱1,595,036 was due to partial payments made to contractors.

There were no movement in the balance of loans payable.

The decreased in equity was primarily due to the net loss incurred by the Company on its first quarter of operations net of additional subscriptions for the quarter.

Material Changes in Financial Condition

a. Cash increased by ₱5.2M
Due to proceeds from issuance of shares and advances from shareholders for the period. Cost of sales and services and operating expenses are higher than revenue which resulted to loss for the period of ₱16M. The company acquired property and equipment amounting to ₱2.5M. These disbursements were partly funded by the collection of subscription and additional advances from shareholders.
b. Trade and other receivables increased by ₱4.2M
Due to uncollected revenue from PhilHealth, receivables from patients and reimbursements from DSWD availed by patients and increase in of advances to doctors and employees.
c. Subscription receivable decreased by ₱2.26M.
Due to payment of subscriptions during the first quarter of 2022 negated by additional subscriptions.
d. Inventories decreased by ₱519K
Mainly due to decrease in hospital supplies, dietary supplies and office supplies.
e. Prepayments and other current assets decreased by ₱410K
Primarily due to the decrease in advance payment to suppliers negated by the increase in Input VAT and prepaid income tax.
f. Intangible assets decreased by ₱55K
Pertains mainly to the amortization of the information system for the first quarter of the 2022.
g. Deferred tax asset increased by ₱5.3M
Due to recognition of DTA for losses incurred by the Company in first quarter of 2022.
h. Trade and other payables increased by ₱2.5M
Primarily due to the increased in purchases and accrued expenses in the first quarter of 2022.
i. Advances from shareholders increased by ₱11.1M
Due to additional advances obtained in the first quarter of 2022.
j. Retention payable decreased by ₱1.5M
Due to partial payments made to contractors.
k. Equity decreased by ₱7.1M
Primarily due to the net loss incurred by the Company on its first quarter of operations net of additional subscriptions for the quarter.

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the three months ended March 31, 2022, 2021 and 2020:

	<i>Three Months Ended March 31</i>		
	2022	2021	2020
Income Statement Data			
Revenue	₱ 35,576,592	₱ 11,836,008	₱ -
Other Income	1,212,733	758,722	533,821
Cost of Sales and Services	(36,049,031)	(27,613,078)	-
Operating expenses	(8,828,582)	(6,460,928)	(4,735,964)
Finance cost	(13,253,170)	(13,164,181)	-
Income tax benefit	5,335,957	8,675,983	-
Net Loss	₱ (16,005,501)	₱ (25,967,474)	₱ (4,202,143)

On December 26, 2020, the Company launched the full commercial operations of its hospital building and facilities.

Revenue generated for the three months period amounts ₱35.5M. This was from Hospital fees and sales of medicines, net of discounts. This increased by 201%. The Company is in its second year of operation, revenues are expected to be higher compared to its first year of operation in 2021.

Cost of sales and services for the three months period ended March 31, 2022 amounted to ₱36M. This increased by 31% in direct association with the increase in revenue in the first quarter of 2022 compared to first quarter of 2021. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.

Operating expenses increased by 37%. The increase was primarily attributable to the increase in salaries and wages, taxes and licenses, security services, taxes and licenses, repairs and maintenance, office supplies, statutes, meetings and conferences, transportation and travel, professional fee and credit losses.

Other income increased by 60%. The Company is in its second year of operation, income are expected to be higher compared to its first year of operation in 2021.

Income tax benefit decreased by 38%. This is primarily due to lower losses incurred in first quarter of 2022 resulting to lower taxable loss.

Loss for the three months ended March 31, 2022 is lower than losses suffered for the three months ended March 31, 2021, this was mainly due to the higher revenue earned for the period. The Company is in its second year of operation, results of operation are expected to be more favorable compared to its first year of operation in 2021

Material Changes in Operating Results

a. Revenue increased by 201% The Company is in its second year of operation, revenues are expected to be higher compared to its first year of operation in 2021.
b. Cost of sales and services increased by 31% This is in direct association with the increase in revenue in the first quarter of 2022 compared to first quarter of 2021. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, professional fees and housekeeping.
c. Operating Expenses increased by 37% The increase was primarily attributable to the increase in salaries and wages, taxes and licenses, security services, taxes and licenses, repairs and maintenance, office supplies, statutes, meetings and conferences, transportation and travel, professional fee and credit losses.

d. Other income increase by 60%

The Company is in its second year of operation, income are expected to be higher compared to its first year of operation in 2021.

e. Income tax benefit increased by 38%

Income tax benefit decreased by 38%. This is primarily due to lower losses incurred in first quarter of 2022 resulting to lower taxable loss.

f. Loss for the period decreased by 38%

This was mainly due to the higher revenue earned for the period. The Company is in its second year of operation, results of operation are expected to be more favorable compared to its first year of operation in 2021

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Mar. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. $[(\text{cash} + \text{A/R}) / \text{current liabilities}]$	0.54:1	0.46:1	0.72:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. $(\text{current assets} / \text{current liabilities})$	0.77:1	0.79:1	1.01:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. $(\text{total liabilities} / \text{equity})$	2.29:1	2.22:1	1.85:1
3. Profitability			
a. Net profit margin - ability to generate surplus for stockholder $(\text{net income} / \text{sales})$ Remarks: The ratio is not applicable for 2020 since the company has not commenced commercial operation during this period.	(0.45):1	(0.99):1	-
b. Return on equity - ability to generate returns on investment of stockholders. $(\text{net income} / \text{average equity})$	(0.03):1	(0.22):1	(0.03):1
4. Leverage			
b. Debt to total asset ratio - the proportion of total assets financed by creditors. $(\text{total debt} / \text{total assets})$	0.70:1	0.69:1	1.54:1
c. Asset to equity ratio - indicator of the overall financial stability of the Company. $(\text{total assets} / \text{equity})$	3.29:1	3.22:1	2.85:1
2. Interest Rate Coverage Ratio			
a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments $(\text{earnings before interest and taxes} / \text{interest expense})$ -Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	(0.61):1	(1.58):1	(5.74):1

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

There were no material events that would trigger direct or indirect contingent financial obligation that would materially affect the company's operation, including any default or acceleration of obligation.

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons during the period.

There were no any known trends or any known demands, commitments, events or uncertainties that would result in or that were reasonably likely to result in the Company's liquidity increase or decreasing in any material way.

The Company continues to spend for regular capital expenditures during the quarter as disclosed in Note 11 of the unaudited interim financial statements.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial adjustments of the interim period.

The Company is not a party to any lawsuit or claims arising from the ordinary course of business

PART II--OTHER INFORMATION

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


SIGNATURES

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

Allied Care Experts (ACE) Medical Center-Cebu, Inc.

By:


MCARTHUR CONRADO A. SALONGA JR, M.D.
President


EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer

Date: May 20, 2022

Date: May 20, 2022

**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-CEBU, INC.**

UNAUDITED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2022

*(With Comparative Figures For December 31, 2021 and
Three Months Ended March 31, 2021)*

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

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2022 and December 31, 2021

	<i>Notes</i>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>ASSETS</u>			
Current Assets			
Cash	4,6	₱ 32,964,068	₱ 27,742,265
Trade and other receivables	4,7	21,027,442	16,756,531
Subscription receivable	4,8	57,271,089	59,540,781
Inventories	4,9	17,390,335	17,909,672
Prepayments and other current assets	4,5,10	55,783,465	56,194,140
Total Current Assets		184,436,399	178,143,389
Non-Current Assets			
Property and equipment, net	4,5,11	1,194,711,345	1,202,230,244
Intangible assets	4,5,12	1,354,137	1,409,331
Deferred tax asset	4,5,21	52,106,643	46,763,315
Total Non-Current Assets		1,248,172,125	1,250,402,890
TOTAL ASSETS		₱ 1,432,608,524	₱ 1,428,546,279
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade and other payables	4,13	₱ 87,684,954	₱ 85,161,226
Loans payable - current	4,15	80,000,000	80,000,000
Advances from shareholders	4,22	37,600,000	26,500,000
Retention payable	4,14	31,617,614	33,212,650
Total Current Liabilities		236,902,568	224,873,876
Non-current liabilities			
Loans payable - non current	4,15	761,221,338	761,221,338
Total Liabilities		998,123,906	986,095,214
Equity			
Share capital	4,16	172,676,000	172,296,000
Share premium	4,16	469,406,706	461,096,706
Subscribed capital stock	4,16	3,995,000	4,455,000
Treasury shares	4,16	(3,115,000)	(2,915,000)
Accumulated Deficits	4	(208,478,088)	(192,481,641)
Equity, net		434,484,618	442,451,065
TOTAL LIABILITIES AND EQUITY		₱ 1,432,608,524	₱ 1,428,546,279

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Three Months Ended March 31, 2022 and 2021

		March 31	
	<i>Notes</i>	2022	2021
		(Unaudited)	(Unaudited)
REVENUES - net	<i>4,17</i>	₱ 35,576,592	₱ 11,836,008
COST OF SALES AND SERVICES	<i>4,18</i>	<u>(36,049,031)</u>	<u>(27,613,078)</u>
GROSS LOSS		(472,439)	(15,777,070)
OPERATING EXPENSES	<i>4,19</i>	(8,828,582)	(6,460,928)
OTHER INCOME	<i>4,20</i>	1,212,733	758,722
FINANCE COST	<i>4,15</i>	<u>(13,253,170)</u>	<u>(13,164,181)</u>
LOSS BEFORE TAX		(21,341,458)	(34,643,457)
INCOME TAX BENEFIT	<i>4,21</i>	<u>(5,335,957)</u>	<u>(8,675,983)</u>
LOSS FOR THE PERIOD		(16,005,501)	(25,967,474)
OTHER COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS		<u>₱ (16,005,501)</u>	<u>₱ (25,967,474)</u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
STATEMENTS OF CHANGES IN EQUITY
For The Three Months Ended March 31, 2022 and 2021

		March 31	
	<i>Notes</i>	2022	2021
		(Unaudited)	(Unaudited)
SHARE CAPITAL	<i>4,16</i>		
Balance at beginning of the year		₱ 172,296,000	₱ 171,301,000
Issuance		380,000	-
Balance at end of the year		172,676,000	171,301,000
SHARE PREMIUM	<i>4,16</i>		
Balance, beginning of the year		461,096,706	424,276,707
Additional		8,310,000	-
Balance, end of the year		469,406,706	424,276,707
SUBSCRIBED CAPITAL STOCK	<i>4,16</i>		
Balance, beginning of the year		4,455,000	4,170,000
Additional		150,000	-
Payments		(610,000)	-
Balance, end of the year		3,995,000	4,170,000
TREASURY SHARES	<i>4,16</i>		
Balance at beginning of the year		(2,915,000)	(2,509,000)
Repurchase		(200,000)	-
Balance at end of the year		(3,115,000)	(2,509,000)
ACCUMULATED DEFICITS	<i>4</i>		
Balance, beginning of the period		(192,472,587)	(87,570,273)
Net loss for the year		(16,005,501)	(25,967,474)
Balance, end of the period		(208,478,088)	(113,537,747)
EQUITY, net		₱ 434,484,618	₱ 483,700,960

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF CASH FLOWS

For The Three Months Ended March 31, 2022 and 2021

		March 31	
	<i>Notes</i>	2022	2021
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		₱ (21,341,458)	₱ (34,643,457)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	<i>4,5,11</i>	10,136,138	8,477,250
Interest income	<i>4,20</i>	(3,162)	(88,967)
Interest expense	<i>4,15</i>	13,253,170	13,164,181
Operating loss before changes in working capital		2,044,688	(13,090,993)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	<i>4,7</i>	(4,270,911)	(1,636,004)
Inventories	<i>4,9</i>	519,337	(864,233)
Prepayments and other current assets	<i>4,5,10</i>	783,768	(3,310,933)
Increase (decrease) in:			
Trade and other payables	<i>4,13</i>	2,523,728	2,523,849
Retention payable	<i>4,14</i>	(1,595,036)	(1,066,768)
Cash used in operation		5,574	(17,445,082)
Interest received	<i>4,20</i>	3,162	88,967
Interest paid	<i>4,15</i>	(13,253,170)	(13,164,181)
Income taxes paid	<i>4,21</i>	-	(828)
Net cash used in operating activities		(13,244,434)	(30,521,124)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	<i>4,5,11</i>	(2,562,045)	(21,507,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	<i>4,16</i>	10,128,282	15,044,464
Purchase of treasury shares	<i>4,16</i>	(200,000)	(600,000)
Proceeds from advances from shareholders	<i>4,22</i>	11,100,000	-
Proceeds of loans	<i>4,15</i>	-	25,000,000
Payment of loans	<i>4,15</i>	-	(5,913,459)
Net cash provided by financing activities		21,028,282	33,531,005
NET DECREASE IN CASH		5,221,803	(18,497,914)
CASH AT THE BEGINNING OF THE PERIOD		27,742,265	80,644,153
CASH AT THE END OF THE PERIOD		₱ 32,964,068	₱ 62,146,239

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2022, December 31, 2021 and March 31, 2021

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on March 6, 2014 under SEC Registration No. CS201421675.

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

The Company's secondary license to sell its common stocks to the public pursuant to Section 12 of the Securities Regulation Code (SRC) was approved on December 27, 2018.

Pursuant to the abeyance of the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting November 2018 or actual start of commercial operations, whichever is earlier (the avilment of which shall not be earlier than the date of registration).

The Company's principal office and place of business is located at N. Bacalso Avenue, Basak Pardo, Cebu City.

Status of Operation

The Company has launched its full commercial operations on December 26, 2020.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

The unaudited interim financial statements of the Company have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS) issued by the Philippine Financial Reporting Standards Council. They are presented in Philippine Peso which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements as of and for the year ended December 31, 2020.

Basis of Preparation

The unaudited interim financial statements of the Company have been prepared on the historical cost basis unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which is described as follows:

- ✓ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ✓ Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- ✓ Level 3 inputs are unobservable inputs for the asset or liability.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2022.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the unaudited interim financial statements. Additional disclosures have been included in the notes to unaudited interim financial statements, as applicable.

- ✓ Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- ✓ Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- ✓ Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

✓ Annual Improvements to PFRS 2018 to 2020 Cycle:

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.
- Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and revised PFRS which are not yet effective for the three months ended March 31, 2022 and have not been applied in preparing the unaudited interim financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- ✓ Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- ✓ Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1)

that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025:

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially

set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the unaudited interim financial statements of the Company.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial assets largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL

Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL.

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As of March 31, 2022 and December 31, 2021, the Company does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost

Financial assets shall be measured at amortized cost if both of the following conditions are met:

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As of March 31, 2022 and December 31, 2021, the Company's cash and trade and other receivables are classified under this category (see Notes 6 and 7).

Financial Assets at FVOCI

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- ✓ the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- ✓ the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in OCI.

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of March 31, 2022 and December 31, 2021, the Company does not have any financial assets carried at FVOCI.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of March 31, 2022 and December 31, 2021, the Company's trade and other payables (excluding government liabilities), retention payable, loans payable and advances from shareholders are classified under this category (see Note 13, 14, 15 and 22).

Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

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

Impairment of Financial Assets

The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- ✓ the right to receive cash flows from the asset has expired;
- ✓ the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- ✓ the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Inventories

Inventories include various hospital, laboratory, office, housekeeping and dietary supplies.

These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable and usable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Prepayments and Other Current Assets

Prepayments represent advance payment for supplies which the Company expects to consume within one year. Other current assets include input tax and prepaid withholding tax. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is immediately recognized in profit and loss.

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. Land is not depreciated.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Intangible Assets

Intangible asset represents purchased hospital information system. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of five years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

Deficits

Deficits represents accumulated losses incurred by the Company net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized either at a point in time or over a period of time.

Revenue is recognized as follows:

Hospital fees

Revenue from primary healthcare services is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Sale of drugs and medicines

Revenue from sale of drugs and medicines is recognized at the point in time when control over the goods is transferred to the customer, generally upon delivery of the goods at the customer's location.

Other income

Other income which includes income from cafeteria and miscellaneous income is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Finance income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of sales and services

Cost of sales and services are recognized in profit or loss in the period the goods are sold and when services are rendered.

Operating expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses attributable to administrative and other business activities of the Company.

Borrowing cost

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially

ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any net operating loss carry over (NOLCO) or excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company has just commenced commercial operation in 2019 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

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

Provisions and contingencies

Provisions are recognized only when the Company has a present obligation as a result of past event and it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the unaudited interim financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the unaudited interim financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgment

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

Determination of ECL on Financial Assets

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Details about the ECL on the Company's financial assets are disclosed in Note 23.

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss was recognized in the Company's financial statements in either March 31, 2022 or December 31, 2021.

Estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Estimation of Allowance for Credit Losses

The measurement of the allowance for Credit Losses on financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring Credit Losses is further detailed in Note 23.

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

<u>Description</u>	<u>Useful Lives</u>
Building	50 years
Medical equipment	5 - 10 years
Transportation equipment	5 years
Office furniture and fixtures	5 years
Dietary tools and equipment	3 – 5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as of March 31, 2021 and December 31, 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.

NOTE 6 - CASH

This account consists of:

	31-Mar-2021 (Unaudited)	31-Dec-2021 (Audited)
Cash on hand	₱ 320,000	₱ 1,655,000
Cash in banks	32,644,068	26,087,265
	₱ 32,964,068	₱ 27,742,265

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱3,162, ₱71,203 and ₱88,967 for the three months ended March 31, 2022, year ended December 31, 2021 and three months ended March 31, 2021, respectively, and is presented under other income in the statements of comprehensive income. (Note 20)

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	31- Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Trade receivables	₱ 20,944,159	₱ 19,884,434
Advances to consultants and employees	3,750,944	469,446
	24,695,103	20,353,880
Allowance for credit losses	(3,667,661)	(3,597,349)
	₱ 21,027,442	₱ 16,756,531

Trade receivables pertain to receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients.

Advances to consultants and employees pertains to cash advances which are collectible thru deduction from professional fees and salaries.

A reconciliation of the allowance for expected credit losses as at March 31, 2022 and December 31, 2021 is shown below:

	31- Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Balance at January 1	₱ 3,597,349	₱ -
Credit losses	70,312	3,597,349
Recovery of allowance	-	-
Balance, December 31	<u>₱ 3,667,661</u>	<u>₱ 3,597,349</u>

NOTE 8 - SUBSCRIPTION RECEIVABLE

Subscription receivable pertains to the unpaid portion of the subscribed shares of various investors in relation to the approval of the Company's secondary license to sell its common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC). This is to be collected within the next twelve months. This amounted to ₱53,071,089 and ₱59,540,781 as of March 31, 2022 and December 31, 2021, respectively.

NOTE 9 - INVENTORIES

This account consists of:

	31- Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Laboratory supplies	₱ 10,187,957	₱ 8,816,051
Hospital supplies	6,641,505	8,322,800
Housekeeping supplies	450,676	376,215
Dietary supplies	89,612	217,323
Office supplies	20,585	177,282
	<u>₱ 17,390,335</u>	<u>₱ 17,909,672</u>

Hospital and laboratory supplies pertain to medicines and medical supplies administered/used to patients.

Housekeeping supplies pertain to cleaning and sanitation supplies used for the upkeep and maintenance of the hospital building.

The Company recognized as expense, inventories costing ₱8,158,901 and ₱49,328,273 for the three months ended March 31, 2022 and year ended December 21, 2021, respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	31- Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Input VAT	₱ 28,735,150	₱ 27,862,464
Deposits	24,231,001	25,887,454
Prepaid withholding tax on compensation	1,937,606	1,937,607
Prepaid income tax (Note 21)	879,708	506,615
	<u>₱ 55,783,465</u>	<u>₱ 56,194,140</u>

Input VAT are Value Added Tax on purchases of goods and services. These are creditable to the VAT liability of the Company.

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Deposits to suppliers represent advance payment on purchases of medical equipment and supplies.

Prepaid withholding tax on compensation pertains to the excess payment/remittance of withholding taxes on compensation of the employees. These are creditable to withholding tax on compensation of the Company.

Prepaid income tax pertains to excess tax credits, which could be applied to tax liability of the company in the future or succeeding period.

NOTE 11 - PROPERTY AND EQUIPMENT, net

A reconciliation of the carrying amounts at the beginning and end of the three months ended March 31, 2022 and year ended December 31, 2021 of property and equipment is shown below:

March 31, 2021 (Unaudited)

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-22	₱ 108,620,536	₱940,297,161	₱ 3,436,396	₱ 12,316,051	₱ 180,001,462	₱686,368	₱1,245,357,974
Additions	-	-	78,036	2,484,009	-	-	2,562,045
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
31-Mar-22	108,620,536	940,297,161	3,514,432	14,800,060	179,990,424	686,368	1,247,920,019
Accumulated Depreciation							
1-Jan-22	-	18,805,943	1,619,589	4,473,263	18,000,146	228,789	43,127,730
Depreciation	-	4,701,486	170,820	650,405	4,500,036	57,197	10,030,944
Disposals	-	-	-	-	-	-	-
31-Mar-22	-	23,507,429	1,791,409	5,123,668	19,065,275	285,986	53,208,674
Carrying amounts							
31-Dec-21	₱ 108,620,536	₱921,491,218	₱ 1,816,807	₱ 7,842,788	₱162,001,316	₱457,579	₱1,202,230,244
Carrying amounts							
31-Mar-22	₱ 108,620,536	₱916,789,732	₱ 1,723,023	₱ 9,676,392	₱ 157,501,280	₱400,382	₱1,194,711,345

December 31, 2021 (Audited)

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-21	₱ 108,620,536	₱935,201,133	₱ 3,201,263	₱ 16,674,659	₱ 103,505,510	₱-	₱1,167,203,101
Additions	-	5,096,028	235,133	33,132,404	39,126,073	565,235	78,154,873
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	(37,491,012)	37,369,879	121,133	-
31-Dec-21	108,620,536	940,297,161	3,436,396	12,316,051	180,001,462	686,368	1,245,357,974
Accumulated Depreciation							
1-Jan-21	-	-	932,310	2,010,053	-	-	2,942,363
Depreciation	-	18,805,943	687,279	2,463,210	18,000,146	228,789	40,185,367
Disposals	-	-	-	-	-	-	-
31-Dec-21	-	18,805,943	1,619,589	4,473,263	18,000,146	228,789	43,127,730
Carrying amounts							
31-Dec-20	₱ 108,620,536	₱935,201,133	₱ 2,268,953	₱ 14,543,473	₱103,505,510	₱121,133	₱1,164,260,738
Carrying amounts							
31-Dec-21	₱ 108,620,536	₱921,491,218	₱1,816,807	₱ 7,842,788	₱162,001,316	₱457,579	₱1,202,230,244

The Company's land and building with a total carrying value of ₱1,025,410,268 and ₱1,030,111,754 as of March 31, 2022 and December 31, 2021, respectively, were used as collateral for the loan. (Note 15)

The Company's medical equipment with a carrying amount of ₱157,501,280.00 and ₱162,001,316, respectively were used as collateral for the loan. (Note 15)

The construction of the hospital building was completed on December 2020.

Depreciation expense were presented in the statements of comprehensive income as follows (Note 18 and 19):

	31- Mar-2022 (Unaudited)	31-Mar-2021 (Unaudited)
Cost of sales and services	₱ 9,430,539	₱ 7,422,380
Operating expenses	650,405	976,574
	₱ 10,080,944	₱ 8,398,954

There have been no indications that an item of property and equipment is impaired.

NOTE 12 - INTANGIBLE ASSET

Intangible asset represents purchased hospital information system. A reconciliation of the carrying amounts at the beginning and end of March 31, 2022 and December 31, 2021 is shown below:

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Cost		
January 1,	₱ 1,565,923	₱ 1,565,923
Additions	-	-
December 31	1,565,923	1,565,923
Accumulated amortization		
January 1,	156,592	-
Amortization expense	55,194	156,592
December 31,	211,786	156,592
Carrying amount, December 31	₱ 1,354,137	₱ 1,409,331

No impairment losses were recognized in March 31, 2022 and December 31, 2021. The amortization of intangible asset is presented as part of operating expenses. The Company's intangible asset is expected to be amortized over its useful life of five (5) years. (Note 19)

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Trade payable	₱ 64,440,550	₱ 63,799,403
Accrued expenses	22,400,804	20,304,200
Payable to government	843,600	1,057,623
	₱ 87,684,954	₱ 85,161,226

Trade payable pertain to payable to suppliers on purchases of medical/hospital equipment and supplies.

Accrued expenses represents interest payable represents interest accrued on bank loans, professional fees, utilities, salaries and wages and outside services.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 14 - RETENTION PAYABLE

Retention payable pertains to amounts withheld by the Company on its payment to the contractor. This is equivalent to 10% of progress billing as provided in the construction contract of the projects. This will be remitted after turnover of the project and acceptance by Company. This amounted to ₱31,617,614 and ₱33,212,650 as of March 31, 2022 and December 31, 2021, respectively.

NOTE 15 - LOANS PAYABLE

Outstanding balances of the Company's loans payable are summarized as follows:

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Current	₱ 80,000,000	₱ 80,000,000
Non-current	761,221,338	761,221,338
Total	₱ 841,221,338	₱ 841,221,338

Land Bank of the Philippines

The Company obtained credit lines with various drawdown dates from Land Bank of the Philippines (LBP) as follows; on September 1, 2016 amounting to ₱465,000,000 payable in ten (10) years and ₱ 35,000,000 payable in seven (7) years, and on August 24, 2019 amounting to ₱ 350,000,000 payable in seven (7) years. The purpose of the ₱ 465,000,000 term loan was to finance the construction of the hospital building while the ₱ 35,000,000 and ₱ 350,000,000 term loans were for the acquisition of various medical machines and equipment. As of December 31, 2020, ₱440,000,000 was already drawn from the ₱465,000,000 credit line, the ₱35,000,000 credit line was not yet drawn, and the ₱350,000,000 credit line was already fully drawn.

These loans are secured by a real estate mortgage, covering the Company's land and building, including all other existing and future improvements thereon. The credit line for the construction of the hospital building was provided with 3 years grace period on the principal payments, while the credit line for the acquisition of various medical machines and equipment was provided with 2 years grace period. Interest at stated rate is 6% per annum.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20, percentage of ownership of specific shareholders and additional guarantees for the incurrence of additional long term indebtedness. As of March 31, 2022 and December 31, 2021, the Company is compliant with the terms of its loan agreement.

On December 18, 2020, the Company obtained additional loan from LBP amounting to ₱50,000,000 for working capital purposes. This is payable in 10 bi-annual payments with interest of 5.75% per annum. This loan is not secured by any collateral.

On September 20, 2021, the Company applied for the renewal of short-term loan amounting to ₱50,000,000 for working capital purposes.

Movement of loans payable is as follows:

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Beginning balance	₱ 841,221,338	₱ 813,964,173
Proceeds	-	60,000,000
Payments	-	(32,742,835)
Ending balance	₱ 841,221,338	₱ 841,221,338

Borrowing cost capitalized, net of interest income, amounted to ₱33,530,000 and ₱22,540,000 in 2020 and 2019, respectively. Interest on borrowing in 2021, were not capitalized since the hospital building where the loans were used has been completed and reclassified to building. Likewise borrowing costs related to loan availments for acquisition of medical equipment amounting to ₱4,520,000 and ₱11,440,000 in 2020 and 2019, respectively, were not capitalized but were charged to profit or loss.

Total interest incurred from these loans for the three months ended March 31, 2022 and year ended December 31, 2021 amounted to ₱13,253,170 and ₱49,120,972, respectively. These are charged to profit or loss.

NOTE 16 - EQUITY

Capital Stock

The Company is authorized to issue Two Hundred Forty Thousand (240,000) with par value of One Hundred Pesos (₱100) per share. Fully paid share capital as of March 31, 2022 and March 31, 2021 amounted to ₱172,676,000 and ₱171,301,000, respectively.

A reconciliation of the outstanding shares at the beginning and end of March 31, 2022 and December 31, 2021 is shown below:

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Beginning balance	172,296	170,741
Issuance	380	1,555
Ending balance	172,676	172,296

The Company has fifty-four (54) founder shareholders as of March 31, 2022 and December 31, 2021, each owning 100 or more shares. The Founders have the executive right to vote and be voted for the election of directors for five (5) consecutive years from the date of registration. Thereafter, the holder of founder's shares shall have the same rights and privileges with the holders of common shares.

Treasury Shares

In 2019, the Company received an order from SEC directing the Company to return the value of investment upon written request of investors. This order applies to 1,533 shareholders in the initial list submitted to SEC. In line with this order, the Company returned the cost of 26 common shares of two shareholders in 2020 and 63 common shares of six shareholders in 2019 who withdrew their investment and were part of the initial 1,533 shareholders, despite the accumulated deficit and without the requirement of capital appropriation.

The Company reacquired the total of sixty three (63) common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,300,000. Of this amount, three shares were repurchased at par, one block was repurchased at ₱300,000, and the remaining five blocks were purchased at ₱200,000 per block.

As at December 31, 2020, the Company reacquired the total of 26 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱606,000. All two blocks were repurchased at ₱303,000 each.

As at December 31, 2021, the Company reacquired a total of 50 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,006,000.

As at March 31, 2022, the Company reacquired a total of 10 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱200,000.

These treasury shares are stated at acquisition cost and are deducted from equity. Treasury shares amounted to ₱3,115,000, ₱2,915,000 and ₱2,509,000 as of March 31, 2022, December 31, 2021 and March 31, 2021.

Subscribed Capital Stock

Subscribed capital stock as of March 31, 2022, December 31, 2021 and March 31, 2021 amounted to ₱3,995,000, ₱4,455,000 and ₱4,170,000 comprising of 399.5 blocks, 445.5 blocks and 417 blocks, respectively. Each block is sold at a premium of ₱300,000. Each block is equivalent to 10 shares at ₱1,000 par value and sold at a premium of ₱30,000 per share.

Share Premium

Share premium as of March 31, 2022, December 31, 2021 and March 31, 2021 amounted to ₱469,406,706, ₱461,096,706 and ₱ 424,276,707, respectively.

NOTE 17 - REVENUES

Details of the Company's revenues are as follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Hospital fees	₱ 30,260,695	₱ 8,673,920
Sale of drugs and medicines	6,148,719	5,176,552
	36,409,206	13,850,472
Hospital and Sales Discounts	(832,822)	(2,014,464)
	₱ 35,576,592	₱ 11,836,008

Hospital and sales discounts are discount extended to patients, senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders spouse and dependents based on the company prospectus.

NOTE 18 - COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Salaries and wages	₱ 8,549,947	₱ 5,307,575
Supplies	8,158,901	8,185,323
Depreciation	4,742,688	7,422,380
Utilities	3,570,726	2,396,699
Professional fees	3,496,860	2,241,816
Service fees	1,251,297	572,548
Dietary	1,109,716	231,926
Housekeeping and room supplies	917,733	906,311
SSS/PHIC/HDMF contributions	595,749	348,500
	₱ 36,049,031	₱ 27,613,078

NOTE 19 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Salaries and wages	₱ 2,598,820	₱ 1,326,894
Security services	1,273,263	1,105,374
Taxes and licenses	966,351	230,773
Utilities	892,681	962,910
Repairs and maintenance	710,560	216,337
Depreciation	650,405	976,574
Meeting and conferences	399,365	28,881
Transportation and travel	343,000	61,863
Office supplies	293,063	102,967
SSS/PHIC/HDMF contributions	181,082	87,125
Professional fee	168,889	-
Bank service charge	118,872	142,618
Credit losses	70,312	-
Amortization	55,194	78,296
Training and development	5,450	100,269
Directors allowance	-	722,222
Miscellaneous	101,244	317,826
	₱ 8,828,582	₱ 6,460,928

NOTE 20 - OTHER INCOME

Details of the Company's other income are as follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Income from cafeteria	₱ 1,170,707	₱ 472,068
Interest income	3,162	88,967
Miscellaneous income	38,864	197,687
	₱ 1,212,733	₱ 758,722

NOTE 21 - INCOME TAXES

Income tax expense (benefit) for the three months ended March 31, 2022 and 2021 consists of:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Current	₱ 7,371	₱
Deferred	(5,343,328)	(8,675,983)
	₱ (5,335,957)	₱ (8,675,983)

Reconciliation between statutory tax and effective tax follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Income tax at statutory rate	₱ (5,335,364)	₱ (8,660,864)
Tax effects of income subject to final tax	(791)	(22,242)
Tax effects of interest expense	198	5,561
Tax effect of changes in income tax rate	-	1,562
Effective income tax	₱ (5,335,957)	₱ (8,675,983)

A reconciliation of loss before tax reported in the statement of comprehensive income and taxable loss follows:

	For The Three Months Ended	
	31-Mar-2022	31-Mar-2021
	(Unaudited)	(Unaudited)
Loss before tax	₱ (21,341,458)	₱ (34,643,457)
Permanent differences:		
Interest income	(3,162)	(88,967)
Interest expense	791	22,242
Temporary differences:		
Provision for credit losses	70,312	
Unrealized forex (gain)/loss (PY)	-	(31,261)
Taxable loss	₱ (21,273,517)	₱ (34,741,443)

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Minimum Corporate Income Tax:

Taxable gross income	₱ 737,132	₱ (14,095,648)
Tax rate	1%	1%
	7,371	-
Tax due (Higher of RCIT or MCIT)	7,371	-
Less: Tax credits	-	-
Prior Year's Excess Credit	-	-
Creditable taxes	(887,079)	-
Prepaid income tax	₱ (879,708)	₱ -

The net deferred tax assets pertain to the following as of March 31, 2022 and December 31, 2021 and the related deferred tax expense (income) as of March 31, 2022 and for the year ended December 31, 2021:

	Statement of Comprehensive Income			
	Statement of Financial Position		Profit or Loss	
	31-Mar-22 (Unaudited)	31-Dec-21 (Audited)	31-Mar-22 (Unaudited)	31-Dec-21 (Audited)
Deferred tax asset - MCIT	₱ 53,989	₱ 46,618	₱ 7,371	₱ 43,717
Deferred tax asset - NOLCO	51,135,739	45,817,360	5,318,379	21,078,871
Allowance for credit losses	916,915	899,337	17,578	899,337
Unrealized (gain) loss on foreign exchange	-	-	-	(9,378)
Net deferred tax assets	₱ 52,106,643	₱ 46,763,315		
Deferred tax expense (income)			₱ 5,343,328	₱ 22,012,547

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021 which the taxable loss can be charged against taxable income within the next five taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income are summarized below:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
31-Mar-2021	2025	₱ 21,273,517	₱ -	₱ -	₱ 21,273,517
31-Dec-2021	2026	123,367,305	-	-	123,367,305
31-Dec-2020	2025	32,687,003	-	-	32,687,003
31-Dec-2019	2022	27,215,130	-	-	27,215,130
		₱204,542,955	₱ -	₱ -	₱204,542,955

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
31-Mar-2022	2025	₱ 7,371	₱	₱	₱ 7,371
31-Dec-2020	2023	828	-	-	828
31-Dec-2019	2022	2,073	-	-	2,073
		<u>₱ 10,272</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 10,272</u>

NOTE 22 - RELATED PARTY TRANSACTIONS

The Company's related parties include its founders, the Company's key management personnel and others as described below.

A summary of the transactions and account balances with related parties follows:

March 31, 2022 (Unaudited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Major Shareholders	Advances	₱11,100,000	₱37,600,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

December 31 2021 (Audited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Major Shareholders	Advances	₱26,500,000	₱26,500,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Cash Advances

The Company obtains cash advances from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

NOTE 23 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to

limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash and receivables to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as of March 31, 2021 and December 31, 2020 based on contractual undiscounted payment.

March 31, 2021 (Unaudited)			
	Within 1 year	Above 1 Year	Total
Trade and other payables	₱ 86,841,354	₱ -	₱ 86,841,354
Loans payable	80,000,000	761,221,338	841,221,338
Advances from shareholders	37,600,000		37,600,000
Retention payable	31,617,614	-	31,617,614
	₱ 236,058,968	₱ 761,221,338	₱ 997,280,306
December 31, 2021 (Audited)			
	Within 1 year	Above 1 Year	Total
Trade and other payables	₱ 45,482,752	₱ -	₱ 45,482,752
Loans payable	80,000,000	761,221,338	841,221,338
Advances from shareholders	26,500,000		26,500,000
Retention and professional fee payable	33,212,650	-	33,212,650
	₱ 185,195,402	₱ 761,221,338	₱ 946,416,740

*Trade and other payables excludes government statutory payables amounting to ₱843,600 and ₱1,057,623 as of March 31, 2022 and December 31, 2021, respectively.

Market Risks

Interest Rate Risk

Interest rate risks arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to ₱841,221,338 and ₱692,214,692 as of March 31, 2022 and December 31, 2021, respectively, which are subject to interest rate repricing. (See Note 15)

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax	
	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
+1%	₱ (8,412,213)	₱ (8,412,213)
-1%	8,412,213	8,412,213

There is no other impact on the Company's equity other than those affecting profit and loss.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

Foreign Currency Risk

The Company's exposure to the risk for changes in foreign exchange is not significant. It relates only to the Company's dollar bank deposit amounting to ₱509,750 as of March 31, 2022 and December 31, 2021, respectively.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as of March 31, 2022 and December 31, 2021.

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Credit Quality per Class of Financial Asset

March 31, 2021 (Unaudited)						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 32,964,068	₱ -	₱ -	₱ -	₱ -	₱ 32,964,068
Trade and other receivables	5,133,895	-	-	15,180,264	-	20,944,159
	<u>₱ 38,097,963</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 15,180,264</u>	<u>₱ -</u>	<u>₱ 53,278,227</u>
December 31, 2021 (Audited)						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 27,742,265	₱ -	₱ -	₱ -	₱ -	₱ 27,742,265
Trade and other receivables	1,439,185	-	-	18,913,460	-	20,352,645
	<u>₱ 29,181,450</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 18,913,460</u>	<u>₱ -</u>	<u>₱ 48,094,910</u>

Details of past due accounts but not impaired is as follows:

December 31, 2021 (Unaudited)				
Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due
Trade receivables	<u>₱ 3,467,152</u>	<u>₱ 1,709,896</u>	<u>₱ 2,736,900</u>	<u>₱ 7,896,316</u>
				<u>₱ 15,810,264</u>
December 31, 2021 (Audited)				
Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due
Trade receivables	<u>₱ 4,735,832</u>	<u>₱ 6,098,665</u>	<u>₱ 2,881,016</u>	<u>₱ 5,197,947</u>
				<u>₱ 18,913,460</u>

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	31-Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Cash in banks	₱ 32,644,068	₱ 26,087,265
Trade and other receivables	21,027,442	16,756,531
	<u>₱ 53,671,510</u>	<u>₱ 42,843,796</u>

Cash excludes cash on hand amounting to ₱320,000 and ₱1,655,000 in March 31, 2022 and December 31, 2021.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Trade and other receivables

The Company applies the PFRS 9 forward-looking approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

On that basis, the loss allowance as at March 31, 2022 and December 31, 2021 was determined based on months past due, as follows for trade receivables:

March 31, 2022 (Unaudited)							
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	₱ 5,133,895	₱ 3,467,152	₱ 1,709,896	₱ 2,736,900	₱ 5,762,440	₱ 2,133,876	₱ 20,944,159
Loss allowance	102,678	173,358	119,693	273,690	864,366	2,133,876	₱ 3,667,661

December 31, 2021 (Audited)							
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	₱ 970,974	₱ 4,735,832	₱ 6,098,665	₱ 2,881,016	₱ 3,025,667	₱ 2,172,280	₱ 19,884,434
Loss allowance	19,419	236,792	426,907	288,102	453,850	2,172,280	₱ 3,597,349

A reconciliation of the closing loss allowance for trade receivables as at March 31, 2022 and December 31, 2021 are presented below:

	31- Mar-2022 (Unaudited)	31-Dec-2021 (Audited)
Balance at January 1	₱ 3,597,349	₱ -
Credit losses	70,312	3,597,349
Recovery of allowance	-	-
Balance, December 31	₱ 3,667,661	₱ 3,597,349

NOTE 24 - CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

Management sees to it that equity is closely monitored in proportion to risk. Total equity comprises all components of equity including share capital and accumulated earnings of the Company. The Company monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as total liabilities divided by total equity.

	31-Mar-2021 (Unaudited)	31-Dec-2021 (Audited)
Liabilities	₱ 998,123,906	₱ 986,095,214
Equity	434,484,618	442,451,065
Debt-to-Equity Ratio	2.30:1	2.23:1

NOTE 25 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as of March 31, 2022 and December 31, 2021:

		March 31, 2021 (Unaudited)			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 32,644,068	₱-	₱ 32,644,068	₱-
Trade and other receivables	7	21,027,442	–	21,027,442	–
		₱ 53,671,510	₱-	₱ 53,671,510	₱-
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 86,841,354	₱-	₱ 86,841,354	₱-
Loans payable	15	841,221,338	–	841,221,338	–
Advances from shareholders	22	37,600,000	–	37,600,000	–
Retention payable	14	31,617,614	–	31,617,614	–
		₱ 997,280,306	₱-	₱ 997,280,306	₱-
		December 31, 2021 (Audited)			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 26,087,265	₱-	₱ 26,087,265	₱-
Trade and other receivables	7	16,756,531	–	16,756,531	–
		₱ 42,843,796	₱-	₱ 42,843,796	₱-
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 84,103,603	₱-	₱ 84,103,603	₱-
Loans payable	15	841,221,338	–	841,221,338	–
Advances from shareholders	22	26,500,000	–	26,500,000	–
Retention payable	14	33,212,650	–	33,212,650	–
		₱ 946,416,740	₱-	₱ 946,416,740	₱-

**Trade and other payables excludes government statutory payables amounting to ₱843,600 and ₱1,057,623 for March 31, 2022 and December 31 2021, respectively.*

NOTE 26 - OTHER MATTERS

There were no significant events or transactions for the quarter that had a major impact on the Company's financial condition and performance that were not disclosed in the financial statements.

There were no material event subsequent to the interim period, which have not been reflected in the interim financial statements.

The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

There are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current period.

The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

The key assumptions concerning the future and other key sources of estimation used the preparation of the unaudited interim financial statements are consistent with those followed in preparation of the Company's annual financial statements as of and for the year ended December 31, 2020.

The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

There were no material changes in the composition of the Company for this quarter.

Changes in contingent liabilities or contingent assets since the last annual reporting date.

There are no material changes in contingent assets and liabilities since the last annual financial reporting date.

Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
As of March 31, 2022**

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
N. Bacalso Avenue, Basak Pardo, Cebu City**

Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning of the year		<u>(P192,472,587)</u>
Add: Net income actually earned/realized during the period		<u>(16,005,501)</u>
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture	-	
• Unrealized foreign exchange gain - (after tax except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of Investment Property resulting to gain	-	
• Adjustment due to deviation from PFRS-gain	-	
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	<u>-</u>	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviation from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	<u>-</u>	-
Net income actually earned during the period		<u>(16,005,501)</u>
Add (Less):		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury Shares	-	
Sub-total	<u>-</u>	<u>-</u>
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		<u><u>P - nil -</u></u>

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Francisco Raba

Receipt Date and Time: May 16, 2022 02:53:51 PM

Company Information

SEC Registration No.: CS201421675

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

Industry Classification: N85129

Company Type: Stock Corporation

Document Information

Document ID: OST1051620228392107

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2021

Submission Type: Annual

Remarks: None

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	4	2	1	6	7	5
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Company Name

A	L	L	I	E	D		C	A	R	E		E	X	P	E	R	T	S		(A	C	E)				
M	E	D	I	C	A	L		C	E	N	T	E	R		-		C	E	B	U	,		I	N	C	.		

Principal Office (No./Street/Barangay/City/Town)Province)

N	.		B	A	C	A	L	S	O		A	V	E	N	U	E											
B	A	S	A	K	,		P	A	R	D	O	,		C	E	B	U		C	I	T	Y		6	0	0	0

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

M	S	R	D
---	---	---	---

COMPANY INFORMATION

Company's Email Address

n/a

Company's Telephone Number/s

+6332-2655833

Mobile Number

N/A

No. of Stockholders

1706

Annual Meeting
Month/Day

2nd Sunday of April

Fiscal Year
Month/Day

December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Evangeline Y. Zozobrado

Email Address

evangeline_zozobrado@yahoo.com
--

Telephone Number/s

+6332-2655833

Mobile Number

09177044049

Contact Person's Address

N. Bacalso Avenue, Basak Pardo, Cebu City 6000
--

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 from liability for its deficiencies.

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

FINANCIAL STATEMENTS

December 31, 2021

*(With Comparative Figures for the Year Ended
December 31, 2020 and 2019)*

and

Report of Independent Auditors



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

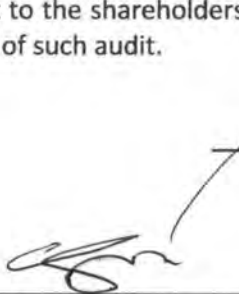
The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


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

The **Board of Directors** reviews and approves the financial statements including the schedules attached therein and submits the same to the shareholders.

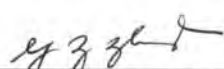
PEREZ, SESE, VILLA & CO. and MINERVA & COMPANY, CPAs., the independent auditors appointed by the shareholders for the years ended December 31, 2021, 2020 and 2019 respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



AMADO MANUEL C. ENRIQUEZ, JR.
Chairman of the Board



MCARTHUR CONRADO A. SALONGA, JR., M.D.
President



EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer

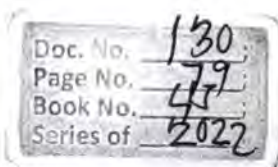
Signed this 14th day of May 2022.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the **CEBU CITY** Philippines, this MAY 16 2022, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES

COMPETENT EVIDENCE OF
IDENTITY

DATE AND PLACE ISSUED




ATTY. DOMINIC A. DINO
Notary Public for Cebu City
Commission No. 122-03 valid until 31 December 2022
Roll No. 56281, PTA No. 346583, Cebu City, 1-7-2022
EXP. NO. AR NO. 192810, EXP. Cebu City, 1-11-2022
Office Address D. Jaconeta St., Bldg. Nino, Cebu City, 6000
Contact No. 09068244901



PEREZ, SESE, VILLA & Co.

CERTIFIED PUBLIC ACCOUNTANTS

**SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS**

**To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.**
982 N. Bacalso Avenue, Basak Pardo
Cebu City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** for the year ended December 31, 2021, on which we have rendered the attached report dated May 14, 2022.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty four (54) shareholders owning one hundred (100) or more shares of the Company's capital stock as at December 31, 2021, as disclosed in Note 16 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 0153046, January 6, 2022, Manila City

SEC Group B Accreditation

Partner – 1606-AR-1, valid until December 16, 2022

Firm – 0336-FR-1, valid until December 16, 2022

BIR AN – 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

Partner -54588-IC, valid until December 3, 2024


Firm -0222-IC, valid until December 3, 2024

FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
May 14, 2022

 admin@psv-co.com
www.psvco.com

 (02) 8994-3984

 9th Flr Unit C Marc 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate Manila, 1004



PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with our examination of the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, which are to be submitted to the Commission, we hereby represent the following:

1. That we are in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards in all cases where we shall express an unqualified opinion; Except that in case of any departure from such principles; we shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That we shall fully meet the requirements of independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, we shall comply with the Philippine Financial Reporting Standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitations in the scope of our examination, we shall indicate the nature of departure and the extent of the limitation, the reasons thereof and the effects thereof on the expression of our opinion or which may necessitate the negation of the expression of an opinion; and
5. That we shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements;
6. That relative to the expression of our opinion on the said financial statements, we shall not commit any act discreditable to the profession as provided for in Section 23 of the Code of Profession Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity and as a Managing Partner of Perez, Sese, Villa & Co., CPAs.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 0153046, January 6, 2022, Manila City

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Manila, Philippines
May 14, 2022



PEREZ, SESE, VILLA & Co.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors

**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.**
982 N. Bacalso Avenue, Basak Pardo
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, for the year ended December 31, 2021 and have issued our report thereon dated May 14, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 0153046, January 6, 2022, Manila City

SEC Group B Accreditation

Partner – 1606-AR-1, valid until December 16, 2022

Firm – 0336-FR-1, valid until December 16, 2022

BIR AN – 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

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Firm -0222-IC, valid until December 3, 2024

FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

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Manila, Philippines

May 14, 2022

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PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.
982 N. Bacalso Avenue, Basak Pardo
Cebu City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** (the Company), which comprise the statements of financial position as at December 31, 2021, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Other matter

The financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** as at and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated March 15, 2021 and April 6, 2020, respectively, expressed an unmodified opinion on the financial statements. These financial statements were presented for comparative purposes only.



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www.psvco.com



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Malate Manila, 1004

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 0153046, January 6, 2022, Manila City

SEC Group B Accreditation

Partner – 1606-AR-1, valid until December 16, 2022

Firm – 0336-FR-1, valid until December 16, 2022

BIR AN – 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

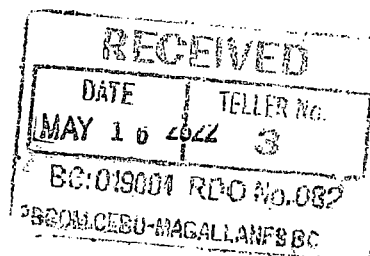
Partner -54588-IC, valid until December 3, 2024

Firm -0222-IC, valid until December 3, 2024

FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines

May 14, 2022



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

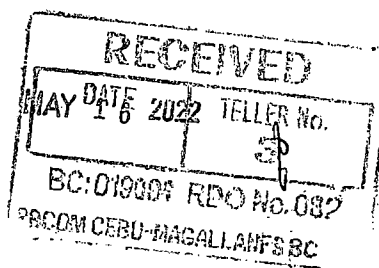
STATEMENTS OF FINANCIAL POSITION

December 31, 2021

(With Comparative Figures for December 31, 2020 and 2019)

	<i>Notes</i>	2021	2020	2019
<u>ASSETS</u>				
Current Assets				
Cash	4,6	P 27,742,265	P 80,644,153	111,632,559
Trade and other receivables	4,7	16,756,531	1,555,270	246,705
Subscription receivable	4,8	59,540,781	43,942,030	22,135,667
Inventories	4,9	17,909,672	4,997,922	-
Prepayments and other current assets	4,5,10	56,194,140	47,491,339	70,631,146
Total Current Assets		178,143,389	178,630,714	204,646,077
Non-Current Assets				
Property and equipment, net	4,5,11	1,202,230,244	1,164,260,738	1,052,297,409
Intangible assets	4,5,12	1,409,331	1,565,923	-
Deferred tax asset	4,5,22	46,763,315	24,750,768	17,997,763
Total Non-Current Assets		1,250,402,890	1,190,577,429	1,070,295,172
TOTAL ASSETS		P 1,428,546,279	P 1,369,208,143	P 1,274,941,249
<u>LIABILITIES AND EQUITY</u>				
Current Liabilities				
Trade and other payables	4,13	P 85,161,226	P 34,636,641	P 59,483,717
Loans payable - current	4,15	80,000,000	101,626,957	26,702,733
Income tax payable	4,22	-	828	2,073
Advances from shareholders	4,23	26,500,000	-	-
Retention and professional fees payable	4,14	33,212,650	39,738,068	63,243,983
Total Current Liabilities		224,873,876	176,002,494	149,432,506
Non-current liabilities				
Loans payable - non current	4,15	761,221,338	712,337,216	665,511,959
Total Liabilities		986,095,214	888,339,710	814,944,465
Equity				
Share capital	4,16	172,296,000	170,741,000	167,439,000
Share premium	4,16	461,096,706	395,856,706	354,710,000
Subscribed capital stock	4,16	4,455,000	3,750,000	2,970,000
Treasury shares	4,16	(2,915,000)	(1,909,000)	(1,303,000)
Accumulated Deficits	4	(192,481,641)	(87,570,273)	(63,819,216)
Equity, net		442,451,065	480,868,433	459,996,784
TOTAL LIABILITIES AND EQUITY		P 1,428,546,279	P 1,369,208,143	P 1,274,941,249

(See accompanying Notes to Financial Statements)



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

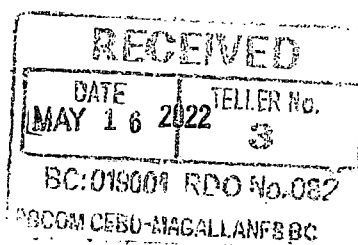
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For The Years Ended December 31, 2021

(With Comparative Figures For The Years Ended December 31, 2020 and 2019)

	<i>Notes</i>	2021	2020	2019
REVENUES - net	4,17	P 105,741,950	P -	P -
COST OF SALES AND SERVICES	4,18	(145,937,750)	-	-
GROSS LOSS		(40,195,800)	-	-
OPERATING EXPENSES	4,19	(42,058,084)	(28,601,626)	(21,439,698)
OTHER INCOME	4,20	4,494,865	2,621,317	1,098,490
FINANCE COST	4,15	(49,120,972)	(4,522,926)	(11,442,228)
LOSS BEFORE TAX		(126,879,991)	(30,503,235)	(31,783,436)
INCOME TAX BENEFIT	4,22			
Current		43,717		
Deferred		(22,012,340)	(6,752,178)	(7,153,724)
		(21,968,623)	(6,752,178)	(7,153,724)
LOSS FOR THE PERIOD		(104,911,368)	(23,751,057)	(24,629,712)
OTHER COMPREHENSIVE INCOME (LOSS)		-	-	-
TOTAL COMPREHENSIVE LOSS		P (104,911,368)	P (23,751,057)	P (24,629,712)

(See accompanying Notes to Financial Statements)



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

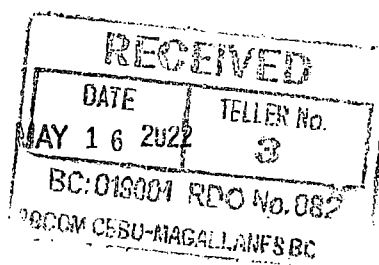
STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2021

(With Comparative Figures For The Years Ended December 31, 2020 and 2019)

	<i>Notes</i>	2021	2020	2019
SHARE CAPITAL	4,16			
Balance at beginning of the year		P 170,741,000	P 167,439,000	P 165,950,000
Issuance		<u>1,555,000</u>	<u>3,302,000</u>	<u>1,489,000</u>
Balance at end of the year		<u>172,296,000</u>	<u>170,741,000</u>	<u>167,439,000</u>
SHARE PREMIUM	4,16			
Balance, beginning of the year		P 395,856,706	P 354,710,000	P 321,940,000
Additional		<u>65,240,000</u>	<u>41,146,706</u>	<u>32,770,000</u>
Balance, end of the year		<u>461,096,706</u>	<u>395,856,706</u>	<u>354,710,000</u>
SUBSCRIBED CAPITAL STOCK	4,16			
Balance, beginning of the year		3,750,000	2,970,000	710,000
Additional		2,260,000	4,082,000	2,296,000
Payments		<u>(1,555,000)</u>	<u>(3,302,000)</u>	<u>(36,000)</u>
Balance, end of the year		<u>4,455,000</u>	<u>3,750,000</u>	<u>2,970,000</u>
TREASURY SHARES	4,16			
Balance at beginning of the year		(1,909,000)	(1,303,000)	-
Repurchase		<u>(1,006,000)</u>	<u>(606,000)</u>	<u>(1,303,000)</u>
Balance at end of the year		<u>(2,915,000)</u>	<u>(1,909,000)</u>	<u>(1,303,000)</u>
ACCUMULATED DEFICITS	4			
Balance, beginning of the period		(87,570,273)	(63,819,216)	(39,189,504)
Net loss for the year		<u>(104,911,368)</u>	<u>(23,751,057)</u>	<u>(24,629,712)</u>
Balance, end of the period		<u>(192,481,641)</u>	<u>(87,570,273)</u>	<u>(63,819,216)</u>
EQUITY, net		<u>P 442,451,065</u>	<u>P 480,868,433</u>	<u>P 459,996,784</u>

(See accompanying Notes to Financial Statements)



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

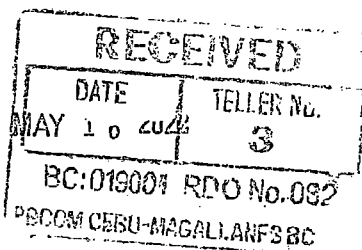
STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2021

(With Comparative Figures For The Years Ended December 31, 2020 and 2019)

	<i>Notes</i>	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period		₱ (126,879,991)	₱ (30,503,235)	(31,783,436)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,5,11	40,341,959	2,303,811	299,969
Interest income	4,20	(71,203)	(881,196)	(1,027,196)
Foreign currency (gain) loss	4,20	-	31,262	13,706
Interest expense	4,15	49,120,972	4,522,926	11,442,228
Operating loss before changes in working capital		(37,488,263)	(24,526,432)	(21,054,729)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,7	(15,201,261)	-	-
Inventories	4,9	(12,911,750)	-	-
Prepayments and other current assets	4,5,10	(8,196,186)	16,833,321	37,872,119
Increase (decrease) in:				
Trade and other payables	4,13	50,524,585	(25,928,041)	54,302,395
Retention and professional fees payable	4,14	(6,525,418)	(23,505,915)	14,067,411
Cash provided by (used in) operation		(29,798,293)	(57,127,067)	85,187,196
Interest received	4,20	71,203	881,196	1,027,196
Interest paid	4,15	(49,120,972)	(4,522,926)	(11,442,228)
Income taxes paid	4,22	(551,367)	(1,245)	-
Net cash provided by used in operating activities		(79,399,429)	(60,770,042)	74,772,164
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,11	(78,154,873)	(73,132,508)	(263,109,378)
Acquisition of intangible assets	4,5,12	-	(1,565,923)	-
Net cash used in investing activities		(78,154,873)	(74,698,431)	(263,109,378)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,16	51,901,249	23,422,343	20,313,333
Purchase of treasury shares	4,16	(1,006,000)	(606,000)	(1,303,000)
Proceeds of loans	4,15	60,000,000	140,000,000	195,000,000
Proceeds from advances from shareholders	4,23	26,500,000	-	-
Payment of loans	4,15	(32,742,835)	(58,305,014)	(29,422,046)
Net cash provided by financing activities		104,652,414	104,511,329	184,588,287
NET DECREASE IN CASH		(52,901,888)	(30,957,144)	(3,748,927)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH		-	(31,262)	(13,706)
CASH AT THE BEGINNING OF THE PERIOD		80,644,153	111,632,559	115,395,192
CASH AT THE END OF THE PERIOD		₱ 27,742,265	₱ 80,644,153	₱ 111,632,559

(See accompanying Notes to Financial Statements)



ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021, 2020 and 2019

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on March 6, 2014 under SEC Registration No. CS201421675.

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

The Company's secondary license to sell its common stocks to the public pursuant to Section 12 of the Securities Regulation Code (SRC) was approved on December 27, 2018.

Pursuant to the abeyance of the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting November 2018 or actual start of commercial operations, whichever is earlier (the availment of which shall not be earlier than the date of registration).

The Company's principal office and place of business is located at N. Bacalso Avenue, Basak Pardo, Cebu City.

Status of Operation

The Company has launched its full commercial operations on December 26, 2020.

Approval of the financial statement

The financial statements of the Association for the year ended December 31, 2021 were approved and authorized for issue by the Board of Trustee on May 14, 2022.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in compliance with the *Philippine Financial Reporting Standard (PFRS)* issued by the Philippine Financial Reporting Standards Council. They are presented in Philippine Peso which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2021.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.
 - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or

expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025:

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife

insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial assets largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL

Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL.

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2021, 2020 and 2019, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2021, 2020 and 2019, the Company's cash, trade and other receivables are classified under this category. (Note 6 and 7)

Financial Assets at FVOCI

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in OCI.

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the

financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2021, 2020 and 2019, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021, 2020 and 2019, the Company's trade and other payables (excluding government liabilities), retention fees, advances from shareholders and loans payable are classified under this category (see Note 13, 14, 23 and 15).

Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

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

Impairment of Financial Assets

The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets Liabilities

Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Inventories

Inventories include various hospital, laboratory, office, housekeeping and dietary supplies.

These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable and usable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Prepayments and Other Current Assets

Prepayments represent advance payment for supplies which the Company expects to consume within one year. Other current assets include input tax and prepaid withholding tax. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing

costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is immediately recognized in profit and loss.

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. Land is not depreciated.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Intangible Assets

Intangible asset represents purchased hospital information system. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of five years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

Deficits

Deficits represents accumulated losses incurred by the Company net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized either at a point in time or over a period of time.

Revenue is recognized as follows:

Hospital fees

Revenue from primary healthcare services is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Sale of drugs and medicines

Revenue from sale of drugs and medicines is recognized at the point in time when control over the goods is transferred to the customer, generally upon delivery of the goods at the customer's location.

Other income

Other income which includes income from cafeteria and miscellaneous income is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Finance income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of sales and services

Cost of sales and services are recognized in profit or loss in the period the goods are sold and when services are rendered.

Operating expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses attributable to administrative and other business activities of the Company.

Borrowing cost

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any net operating loss carry over (NOLCO) or excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company has just commenced commercial operation in 2021 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

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

Provisions and contingencies

Provisions are recognized only when the Company has a present obligation as a result of past event and it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgment

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

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss was recognized in the Company's financial statements in either 2021, 2020 and 2019.

Estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Estimation of Allowance for Credit Losses

The measurement of the allowance for Credit Losses on financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring Credit Losses is further detailed in Note 24.

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

<u>Description</u>	<u>Useful Lives</u>
Building	50 years

Medical equipment	5 - 10 years
Transportation equipment	5 years
Office furniture and fixtures	5 years
Dietary tools and equipment	3 – 5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2021, 2020 and 2019 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

NOTE 6 - CASH

This account consists of:

	2021	2020	2019
Cash on hand	P 1,655,000	P 179,411	P 7,000
Cash in banks	26,087,265	80,464,742	111,625,559
	<u>P 27,742,265</u>	<u>P 80,644,153</u>	<u>P 111,632,559</u>

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to P71,203, P881,196 and P1,027,196 for the years 2021, 2020 and 2019, respectively, and is presented under other income in the statements of comprehensive income. (Note 20)

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	2021	2020	2019
Trade receivables	P 19,884,434	P -	P -
Advances to consultants and employees	469,446	1,555,270	246,705
	20,353,880		
Allowance for credit losses	(3,597,349)	-	-
	<u>P 16,756,531</u>	<u>P 1,555,270</u>	<u>P 246,705</u>

Trade receivables pertain to receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients.

Advances to consultants and employees pertains to cash advances which are collectible thru deduction from professional fees and salaries.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Balance at January 1	P -	P -	P -
Credit losses	3,597,349	-	-
Recovery of allowance	-	-	-
Balance, December 31	<u>P 3,597,349</u>	<u>P -</u>	<u>P -</u>

NOTE 8 - SUBSCRIPTION RECEIVABLE

Subscription receivable pertains to the unpaid portion of the subscribed shares of various investors in relation to the approval of the Company's secondary license to sell its common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC). This is to be collected within the next twelve months. This amounted to ₱59,540,781 and ₱43,942,030 and ₱22,135,667 as of December 31, 2021, 2020 and 2019, respectively.

NOTE 9 - INVENTORIES

This account consists of:

	2021	2020	2019
Hospital supplies	₱ 8,322,800	₱ 4,123,992	₱ -
Laboratory supplies	8,816,051	681,307	-
Housekeeping supplies	376,215	148,873	-
Dietary supplies	217,323	33,398	-
Office supplies	177,282	10,352	-
	<u>₱ 17,909,672</u>	<u>₱ 4,997,922</u>	<u>₱ -</u>

Hospital and laboratory supplies pertain to medicines and medical supplies administered/used to patients.

Housekeeping supplies pertain to cleaning and sanitation supplies used for the upkeep and maintenance of the hospital building.

The Company recognized as expense, inventories costing ₱49,328,273 and ₱-nil- for the years ended December 31, 2021, 2020 and 2019, respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2021	2020	2019
Input VAT	₱ 27,862,464	₱ 22,222,953	₱ 13,487,773
Deposits	25,887,454	22,635,595	22,829,000
Prepaid withholding tax on compensation	1,937,607	2,038,013	2,065,963
Prepaid income tax	506,615	-	-
Advances to contractors	-	594,778	32,248,410
	<u>₱ 56,194,140</u>	<u>₱ 47,491,339</u>	<u>₱ 70,631,146</u>

Input VAT are Value Added Tax on purchases of goods and services. These are creditable to the VAT liability of the Company.

Deposits to suppliers represent advance payment on purchases of medical equipment and supplies.

Prepaid withholding tax on compensation pertains to the excess payment/remittance of withholding taxes on compensation of the employees. These are creditable to withholding tax on compensation of the Company.

Prepaid income tax pertains to excess tax credits, which could be applied to tax liability of the company in the future or succeeding period.

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

NOTE 11 - PROPERTY AND EQUIPMENT, net

A reconciliation of the carrying amounts at the beginning and end of year 2021, 2020 and 2019 of property and equipment is shown below:

2021

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-21	P 108,620,536	P935,201,133	P 3,201,263	P 16,674,659	P 103,505,510	P-	P1,167,203,101
Additions	-	5,096,028	235,133	33,132,404	39,126,073	565,235	78,154,873
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	(37,491,012)	37,369,879	121,133	-
31-Dec-21	<u>108,620,536</u>	<u>940,297,161</u>	<u>3,436,396</u>	<u>12,316,051</u>	<u>180,001,462</u>	<u>686,368</u>	<u>1,245,357,974</u>
Accumulated Depreciation							
1-Jan-21	-	-	932,310	2,010,053	-	-	2,942,363
Depreciation	-	18,805,943	687,279	2,463,210	18,000,146	228,789	40,185,367
Disposals	-	-	-	-	-	-	-
31-Dec-21	-	<u>18,805,943</u>	<u>1,619,589</u>	<u>4,473,263</u>	<u>18,000,146</u>	<u>228,789</u>	<u>43,127,730</u>
Carrying amounts							
31-Dec-20	<u>P 108,620,536</u>	<u>P935,201,133</u>	<u>P 2,268,953</u>	<u>P 14,543,473</u>	<u>P103,505,510</u>	<u>P121,133</u>	<u>P1,164,260,738</u>
Carrying amounts							
31-Dec-21	<u>P 108,620,536</u>	<u>P921,491,218</u>	<u>P1,816,807</u>	<u>P 7,842,788</u>	<u>P162,001,316</u>	<u>P457,579</u>	<u>P1,202,230,244</u>

2020

	Land	Building	Transporta- tion Equipment	Office, Furnitures and Fixtures	Medical Equipment	Construction in progress	Total
Cost							
1-Jan-20	P 108,620,536	P-	P 1,707,178	P 10,757,893	P 91,171,463	P 840,678,891	P1,052,935,960
Additions	-	-	1,494,085	5,916,766	12,334,047	94,522,242	114,267,140
Disposals	-	-	-	-	-	-	-
Reclassification	-	935,201,133	-	-	-	(935,201,133)	-
31-Dec-20	<u>108,620,536</u>	<u>935,201,133</u>	<u>3,201,263</u>	<u>16,674,659</u>	<u>103,505,510</u>	-	<u>1,167,203,101</u>
Accumulated depreciation							
1-Jan-20	-	-	420,157	218,395	-	-	638,552
Depreciation	-	-	512,153	1,791,658	-	-	2,303,811
Disposals	-	-	-	-	-	-	-
31-Dec-20	-	-	<u>932,310</u>	<u>2,010,053</u>	-	-	<u>2,942,363</u>
Carrying amounts							
31-Dec-19	<u>P 108,620,536</u>	<u>P-</u>	<u>P 1,287,021</u>	<u>P 10,539,498</u>	<u>P 91,171,463</u>	<u>P840,678,891</u>	<u>P1,052,297,409</u>
Carrying amounts							
31-Dec-20	<u>P 108,620,536</u>	<u>P935,201,133</u>	<u>P 2,268,953</u>	<u>P 14,664,606</u>	<u>P 103,505,510</u>	<u>P-</u>	<u>P1,164,260,738</u>

2019

	Land	Transportation Equipment	Office, Furnitures and Fixtures	Medical Equipment	Construction in progress	Total
Cost						
1-Jan-19	P 108,620,536	P 1,707,178	P 361,361	P -	P 653,853,797	P 764,542,872
Additions	-	-	10,396,352	91,171,463	186,825,094	288,393,089
Disposals	-	-	-	-	-	-
31-Dec-19	<u>108,620,536</u>	<u>1,707,178</u>	<u>10,757,713</u>	<u>91,171,463</u>	<u>840,678,891</u>	<u>1,052,935,961</u>

Accumulated Depreciation						
1-Jan-19	-	213,397	125,186	-	-	338,583
Depreciation	-	206,760	93,209	-	-	299,969
Disposals	-	-	-	-	-	-
31-Dec-19	-	420,157	218,395	-	-	638,552
Carrying amounts						
31-Dec-18	<u>P 108,620,536</u>	<u>P 1,493,781</u>	<u>P 236,175</u>	<u>P-</u>	<u>P653,853,797</u>	<u>P 764,204,289</u>
Carrying amounts						
31-Dec-19	<u>P 108,620,536</u>	<u>P 1,287,021</u>	<u>P 10,539,318</u>	<u>P 91,171,463</u>	<u>P840,678,891</u>	<u>P1,052,297,409</u>

The Company's land and building with a total carrying value of P1,030,111,754, P1,043,821,669 and P949,299,427 as of December 31, 2021, 2020 and 2019, respectively, were used as collateral for the loan. (Note 15)

The Company's medical equipment with a carrying amount of P162,001,316, P103,505,510 and P91,171,463 as of December 31, 2021, 2020 and 2019, respectively were used as collateral for the loan. (Note 15)

The construction of the hospital building was completed on December 2020.

Depreciation expense were presented in the statements of comprehensive income as follows (Note 18 and 19):

	2021	2020	2019
Cost of sales and services	<u>P 37,315,418</u>	<u>P -</u>	<u>P -</u>
Operating expenses	<u>2,869,949</u>	<u>2,303,811</u>	<u>299,969</u>
	<u>P 40,185,367</u>	<u>P 2,303,811</u>	<u>P 299,969</u>

There have been no indications that an item of property and equipment is impaired.

NOTE 12 - INTANGIBLE ASSET

This account pertains to the hospital information system used by the Company in its operation.

A reconciliation of the carrying amounts at the beginning and end of year 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Cost			
Balance, beginning of the year	<u>P 1,565,923</u>	<u>P -</u>	<u>P -</u>
Additions	-	1,565,923	-
Disposal	-	-	-
Balance, end of the year	<u>1,565,923</u>	<u>1,565,923</u>	<u>-</u>
Accumulated Amortization			
Balance, beginning of the year	-	-	-
Amortization	156,592	-	-
Disposal	-	-	-
Balance at end of year	<u>156,592</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>P 1,409,331</u>	<u>P 1,565,923</u>	<u>P -</u>

No impairment losses were recognized in December 31, 2021 and 2020. The amortization of intangible asset is presented as part of operating expenses. The Company's intangible asset is expected to be amortized over its useful life of five (5) years. (Note 19)

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	2021	2020	2019
Trade payable	P 63,799,403	P 25,269,048	P 55,080,912
Accrued expense	20,304,200	8,630,331	3,735,247
Payable to government	1,057,623	737,262	667,558
	<u>P 85,161,226</u>	<u>P 34,636,641</u>	<u>P 59,483,717</u>

Trade payable pertain to payable to suppliers on purchases of medical/hospital equipment and supplies.

Accrued expenses represents interest payable represents interest accrued on bank loans, professional fees, utilities, salaries and wages and outside services.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 14 - RETENTION AND PROFESSIONAL FEES PAYABLE

This account consists of:

	2021	2020	2019
Retention payable	P 33,212,650	P 38,671,300	P 61,296,539
Professional fees payable	-	1,066,768	1,947,444
	<u>P 33,212,650</u>	<u>P 39,738,068</u>	<u>P 63,243,983</u>

Retention payable pertains to amounts withheld by the Company on its payment to the contractor. This is equivalent to 10% of progress billing as provided in the construction contract of the projects. This will be remitted after turnover of the project and acceptance by Company.

Professional fees payable consist of unpaid professional fee for the architectural design and other services to the Company.

NOTE 15 - LOANS PAYABLE

Outstanding balances of the Company's loans payable are summarized as follows:

	2021	2020	2019
Current	P 80,000,000	P 101,626,957	P 26,702,733
Non-current	761,221,338	712,337,216	665,511,959
Total	<u>P 841,221,338</u>	<u>P 813,964,173</u>	<u>P 692,214,692</u>

Land Bank of the Philippines

The Company obtained credit lines with various drawdown dates from Land Bank of the Philippines (LBP) as follows; on September 1, 2016 the amounts of P465,000,000 payable in ten (10) years and P 35,000,000 payable in seven (7) years, and on August 24, 2019 the amounts of P 350,000,000 payable in seven (7) years. The purpose of the P 465,000,000 term loan was to finance the construction of the hospital building while the P 35,000,000 and P 350,000,000 term loans were intended for the acquisition of various medical machines and equipment. As of December 31, 2020,

₱440,000,000 was already drawn from the ₱465,000,000 credit line, the ₱35,000,000 credit line was not yet drawn, and the ₱350,000,000 credit line was already fully drawn.

These loans are secured by a real estate mortgage, covering the Company's land and building, including all other existing and future improvements thereon. The credit line for the construction of the hospital building was provided with 3 years grace period on the principal payments, while the credit line for the acquisition of various medical machines and equipment was provided with 2 years grace period. Interest at stated rate is 6% per annum.

The Company's land and building with a total carrying value of ₱1,030,111,754, ₱1,043,821,669 and ₱949,299,427 as of December 31, 2021, 2020 and 2019, respectively, were used as collateral for the loan. (Note 11)

The Company's medical equipment with a carrying amount of ₱162,001,316, ₱103,505,510 and ₱91,171,463 as of December 31, 2021, 2020 and 2019, respectively were used as collateral for the loan. (Note 11)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20, percentage of ownership of specific shareholders and additional guarantees for the incurrence of additional long term indebtedness. As of December 31, 2021 and 2020, the Company is compliant with the terms of its loan agreement.

On December 18, 2020, the Company obtained additional loan from LBP amounting to ₱50,000,000 for working capital purposes. This is payable in 10 bi-annual payments with interest of 5.75% per annum. This loan is not secured by any collateral.

On September 20, 2021, the Company applied for the renewal of short-term loan amounting to ₱50,000,000 for working capital purposes.

Movement of loans payable is as follows:

	2021	2020	2019
Beginning balance	₱ 813,964,173	₱ 692,214,692	₱ 502,433,164
Proceeds	60,000,000	140,000,000	195,000,000
Payments	(32,742,835)	(18,250,519)	(5,218,472)
Ending balance	₱ 841,221,338	₱ 813,964,173	₱ 692,214,692

Borrowing cost capitalized, net of interest income, amounted to ₱33,530,000 and ₱22,540,000 in 2020 and 2019, respectively. Interest on borrowing in 2021, were not capitalized since the hospital building were the loans were used has been completed and reclassify to building. Likewise borrowing costs related to loan availments for acquisition of medical equipment amounting to ₱4,520,000 and ₱11,440,000 in 2020 and 2019, respectively, were not capitalized but were charged to profit or loss.

Total interest incurred that were charged to profit and loss from these loans for the years ended December 31, 2021, 2020 and 2019 amounted to ₱49,120,972, ₱4,522,926 and ₱11,442,228, respectively.

NOTE 16 - EQUITY

Capital Stock

The Company is authorized to issue Two Hundred Forty Thousand (240,000) with par value of One Thousand Pesos (₱1000) per share. Fully paid share capital as of December 31, 2021, 2020 and 2019 amounted to ₱172,296,000, ₱170,741,000 and ₱167,439,000, respectively.

A reconciliation of the outstanding shares at the beginning and end of 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Outstanding, beginning	170,741	167,439	165,950
Issuance	1,555	3,302	1,489
Reacquisition	-	-	-
Outstanding, ending	172,296	170,741	167,439

The Company has fifty-four (54) founder shareholders as of December 31, 202, 2020 and 2019, each owning 100 or more shares. The Founders have the executive right to vote and be voted for the election of directors for five (5) consecutive years from the date of registration. Thereafter, the holder of founder's shares shall have the same rights and privileges with the holders of common shares.

Treasury Shares

In 2019, the Company received an order from SEC directing the Company to return the value of investment upon written request of investors. This order applies to 1,533 shareholders in the initial list submitted to SEC. In line with this order, the Company returned the cost of 26 common shares of two shareholders in 2020 and 63 common shares of six shareholders in 2019 who withdrew their investment and were part of the initial 1,533 shareholders, despite the accumulated deficit and without the requirement of capital appropriation.

The Company reacquired the total of sixty three (63) common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,300,000. Of this amount, three shares were repurchased at par, one block was repurchased at ₱300,000, and the remaining five blocks were purchased at ₱200,000 per block.

As at December 31, 2020, the Company reacquired the total of 26 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱606,000. All two blocks were repurchased at ₱303,000 each.

As at December 31, 2021, the Company reacquired a total of 50 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,006,000.

These treasury shares are stated at acquisition cost and are deducted from equity. Treasury shares amounted to ₱2,915,000, ₱1,909,000 and ₱1,303,000 as of December 31, 2021, 2020 and 2019, respectively.

Subscribed Capital Stock/Share Premium

Subscribed capital stock as of December 31, 2021, 2020 and 2019 amounted to ₱4,455,000 ₱3,750,000 and ₱2,970,000 comprising of 445.5 blocks, 375 blocks and 297 blocks, respectively. Each block is sold at a premium of ₱200,000 or ₱300,000. Share premium from these transactions as of December 31, 2021, 2020 and 2019 amounted to ₱461,096,706, ₱395,856,706 and ₱354,710,000, respectively.

NOTE 17 - REVENUES

Details of the Company's revenues are as follows:

	2021	2020	2019
Hospital fees, net			
Hospital fees	P 86,938,548	P -	P -
Less: Hospital Discounts	9,082,005	-	-
	<u>77,856,543</u>	<u>-</u>	<u>-</u>
Sale of drugs and medicines, net			
Sale of drugs and medicines	30,810,106		-
Less: Sales Discounts	2,924,699	-	-
	<u>27,885,407</u>	<u>-</u>	<u>-</u>
	<u>P 105,741,950</u>	<u>P -</u>	<u>P -</u>

Hospital and sales discounts are discount extended to patients, senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders spouse and dependents based on the company prospectus.

Breakdown of hospital fees are as follows:

	2021	2020	2019
Laboratory charges	P 24,320,106	P -	P -
CSR	20,097,010	-	-
Room and board	16,078,950	-	-
OR and DR charges	8,877,596	-	-
Emergency room charges	5,742,890	-	-
Radiology income	4,797,479	-	-
Nurse stations income	1,973,676	-	-
Medical equipment	1,944,527	-	-
Cardiology charges	569,006	-	-
Dietary income	521,408	-	-
Endoscopy	389,951	-	-
Rehab charges	328,784	-	-
Medical records	305,251	-	-
NICU charges	204,988	-	-
OPD charges	123,171	-	-
Wellness center	18,652	-	-
ICU charges	2,100	-	-
Others	643,003	-	-
	<u>P 86,938,548</u>	<u>P -</u>	<u>P -</u>

NOTE 18 - COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows:

	2021	2020	2019
Supplies	P 42,160,563	P -	P -
Depreciation (Note 11)	37,315,418	-	-
Salaries and wages	27,960,399	-	-
Utilities	12,431,841	-	-
Professional fees	11,831,848	-	-

Service fees	4,517,547	-	-
Housekeeping and room supplies	3,613,806	-	-
Dietary	3,465,423	-	-
SSS/PHIC/HDMF contributions	2,640,903	-	-
	<u>₱ 145,937,750</u>	<u>₱ -</u>	<u>₱ -</u>

NOTE 19 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Salaries and wages	₱ 11,522,607	₱ 11,699,581	₱ 2,368,000
Security services	4,220,386	676,808	-
Depreciation (Note 11)	2,869,949	2,303,811	299,969
Credit losses	3,597,349	-	-
Light, water and communications	3,107,961	1,750,087	657,941
Directors allowance	2,637,222	3,111,111	4,820,693
Repairs and maintenance	2,206,247	1,013,958	68,357
Meeting and conferences	1,979,167	559,078	573,559
Transportation and travel	1,966,700	472,511	1,558,628
Office supplies	1,319,659	525,111	1,232,211
Professional fee	1,374,448	2,252,332	1,921,895
Insurance	1,218,707	684,180	-
Bank service charge	1,008,939	293,215	75,030
Taxes and licenses	785,809	1,295,158	1,459,325
SSS/PHIC/HDMF contributions	955,579	953,110	224,578
Amortization (Note 12)	156,592	-	-
Training and development	182,119	-	-
Management fees	-	-	4,400,000
Advertising/promotion/marketing	-	128,237	1,231,588
Fines and penalties	-	29,000	2,000
Miscellaneous	948,644	854,338	545,924
	<u>₱ 42,058,084</u>	<u>₱ 28,601,626</u>	<u>₱ 21,439,698</u>

NOTE 20 - OTHER INCOME

Details of the Company's other income are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income from cafeteria	₱ 3,629,032	₱ -	₱ -
Miscellaneous income	794,630	1,771,382	85,000
Interest income (Note 16)	71,203	881,196	1,027,196
Unrealized forex gain/(loss)	-	(31,261)	(13,706)
	<u>₱ 4,494,865</u>	<u>₱ 2,621,317</u>	<u>₱ 1,098,490</u>

NOTE 21 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation and employee benefits were presented as follows:

2021

	Direct Costs	Operating Expense	Total
Depreciation	₱ 37,315,418	₱ 2,869,949	₱ 40,185,367
Amortization	-	156,592	156,592
Employee benefits*	30,601,302	12,478,186	43,079,488

*Employee benefits includes salaries and wages and SSS, PHIC, HDMF contributions

2020

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 2,303,811	₱ 2,303,811
Employee benefits*	-	12,652,691	12,652,691

*Employee benefits includes salaries and wage and SSS, PHIC, HDMF contributions

2019

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 299,969	₱ 299,969
Employee benefits*	-	2,592,578	2,592,578

*Employee benefits includes salaries and wage and SSS, PHIC, HDMF contributions

NOTE 22 - INCOME TAXES

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act “RA 11534” was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company’s operations are as follows:

1. Reduction of the Corporate Income Tax from 30% to 25% starting July 1, 2020.
2. Reduction of the Minimum Corporate Income Tax (MCIT) from 2% to 1% starting July 1, 2020 to June 30, 2023
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.

The Company used the prevailing tax rates as of December 31, 2020, given the CREATE LAW was signed after December 31, 2020, in determining its current and deferred taxes in its 2020 financial statements and was taken up prospectively in the current period. As a result of the application of the lower RCIT rate of 25% and MCIT rate of 1% starting July 1, 2020, the current income tax expense as presented in the 2020 annual income tax return of the Company was lower by ₱207 than the amount presented in the 2020 financial statements. This amount was charged to 2021 income tax expense.

In addition, the recognized net deferred tax assets/liabilities as of December 31, 2020 were remeasured to 25% in the current period. This resulted in a decline in the recognized net deferred tax assets in 2020 by ₱4,124,852. This amount was charged to 2021 income tax expense.

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

	2021	2020	2019
Current tax expense:			
MCIT	₱ 43,924	₱ 828	₱ 2,073
RCIT	-	-	-
Adjustment of taxes from prior period	(207)	-	-
	<u>43,717</u>	<u>828</u>	<u>2,073</u>
Deferred tax expense (income) arising from:			
Temporary differences	(26,137,399)	(6,753,006)	(7,155,797)
Changes in tax rates	4,125,059	-	-
	<u>(22,012,339)</u>	<u>(6,753,006)</u>	<u>(7,155,797)</u>
Income tax benefit	<u>₱ (21,968,623)</u>	<u>₱ (6,752,178)</u>	<u>₱ (7,153,724)</u>

Reconciliation between statutory tax and effective tax follows:

	2021	2020	2019
Income tax at statutory rate	₱ (31,719,998)	₱ (9,150,971)	₱ (9,535,031)
Tax effect of income subject to final tax	(17,801)	(264,359)	(308,159)
Tax effect of non-deductible interest expense	4,450	110,150	128,399
Tax effect of non-deductible expense	-	8,700	1,540,540
Donated pharmaceutical medicines	-	(514,888)	-
Expired NOLCO	5,639,874	3,059,190	1,014,927
Adjustments of taxes of prior period	4,124,852	-	-
Income tax expense (benefit)	<u>₱ (21,968,623)</u>	<u>₱ (6,752,178)</u>	<u>₱ (7,159,324)</u>

A reconciliation of loss before tax reported in the statement of comprehensive income and taxable loss follows:

	2021	2020	2019
Loss before tax	₱ (126,879,991)	₱ (30,503,235)	₱ (31,783,436)
Permanent differences:			
Interest income	(71,203)	(881,196)	(1,027,196)
Interest arbitrage	17,801	367,165	427,998
Non-deductible fines and penalties	-	29,000	5,135,132
Donated pharmaceutical medicines	-	(1,716,293)	-

Temporary differences:			
Credit losses	3,597,349	-	-
Unrealized forex (gain) loss	-	31,261	13,706
Reversal of unrealized forex (gain) loss	(31,261)	(13,706)	18,666
Taxable loss	(123,367,305)	(32,687,004)	(27,215,130)
Tax rate	25%	30%	30%
	(30,841,826)	(9,806,101)	(8,164,539)

Minimum Corporate Income Tax:

Taxable gross income	4,392,401	41,383	103,666
Tax rate	1%	2%	2%
Current tax expense	43,924	828	2,073
Adjustments of taxes of prior period	(207)	-	-
Current tax expense	43,717	828	2,073
Tax due (Higher of RCIT or MCIT)	43,924	828	2,073
Less: Tax credits			
Creditable taxes	(550,539)	-	-
Income tax payable (prepaid income tax)	P (506,615)	P 828	P 2,073

The net deferred tax assets pertain to the following as of December 31, 2021, 2020, and 2019 and the related deferred tax expense (income) for the year ended December 31, 2021, 2020 and 2019:

	Statement of Financial Position			Statement of Comprehensive Income		
				Profit or Loss		
	2021	2020	2019	2021	2020	2019
Deferred tax asset - MCIT	P 46,618	P 2,901	2,073	P 43,717	P 828	P 2,073
Deferred tax asset - NOLCO	45,817,360	24,738,489	17,991,578	21,078,871	6,746,911	7,149,612
Allowance for credit losses	899,337	-	-	899,337	-	-
Unrealized (gain) loss on foreign	-	9,378	4,112	(9,378)	5,266	4,112
Net deferred tax assets	P 46,763,315	P 24,750,768	P 17,997,763			
Deferred tax expense (income)				P 22,012,547	P 6,753,005	P 7,155,797

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021 which the taxable loss can be charged against taxable income within the next five taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income are summarized below:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2021	2026	P123,367,305			P123,367,305
31-Dec-2020	2025	32,687,003	P -	P -	32,687,003
31-Dec-2019	2022	27,215,130	-	-	27,215,130

31-Dec-2018	2021	22,559,495	-	(22,559,495)	-
		<u>₱205,828,933</u>	<u>₱ -</u>	<u>₱ (22,559,495)</u>	<u>₱183,269,438</u>

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2021	2024	₱ 43,924	₱ -	₱ -	₱ 43,924
31-Dec-2020	2023	621	-	-	621
31-Dec-2019	2022	2,073	-	-	2,073
		<u>₱ 46,618</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 46,618</u>

NOTE 23 - RELATED PARTY TRANSACTIONS

The Company's related parties include its founders, the Company's key management personnel and others as described below.

A summary of the transactions and account balances with related parties follows:

2021

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Advances	₱26,500,000	₱26,500,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Cash Advances

The Company obtains cash advances from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash and receivables to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2021, 2020 and 2019 based on contractual undiscounted payment.

	December 31, 2021		
	Within 1 year	Above 1 Year	Total
Trade and other payables	P 45,482,752	P -	P 45,482,752
Loans payable	80,000,000	761,221,338	841,221,338
Advances from shareholders	26,500,000		26,500,000
Retention and professional fee payable	33,212,650	-	33,212,650
	<u>P 185,195,402</u>	<u>P 761,221,338</u>	<u>P 946,416,740</u>
	December 31, 2020		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 33,899,379	P -	P 33,899,379
Loans payable	101,626,957	712,337,216	813,964,173
Advances from contractors	39,738,068	-	39,738,068
	<u>P 175,264,404</u>	<u>P 712,337,216</u>	<u>P 887,601,620</u>
	December 31, 2019		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 58,816,159	P -	P 58,816,159
Loans payable	26,702,733	665,511,959	692,214,692
Advances from contractors	63,243,983	-	63,243,983
	<u>P 148,762,875</u>	<u>P 665,511,959</u>	<u>P 814,274,834</u>

*Trade and other payables excludes government statutory payables amounting to P2,643,368, P737,262 and P667,558 for 2021, 2020 and 2019, respectively.

Market Risks

Interest Rate Risk

Interest rate risks arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to ₱841,221,338, ₱813,964,173 and ₱692,214,692 as of December 31, 2021, 2020 and 2019, respectively, which are subject to interest rate repricing. (See Note 15)

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2021	2020	2019
+1%	₱ (8,412,213)	₱ (8,139,642)	₱ (6,922,147)
-1%	8,412,213	8,139,642	6,922,147

There is no other impact on the Company's equity other than those affecting profit and loss.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

Foreign Currency Risk

The Company's exposure to the risk for changes in foreign exchange is not significant. It relates only to the Company's dollar bank deposit amounting to ₱509,750, ₱505,627 and ₱540,144 as of December 31, 2021, 2020, and 2019 respectively.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2021, 2020 and 2019.

Credit Quality per Class of Financial Asset

December 31, 2021					
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired
Cash in banks	₱ 27,742,265	₱ -	₱ -	₱ -	₱ -
Trade and other receivables	1,439,185	-	-	18,913,460	-
	₱ 29,181,450	₱ -	₱ -	₱ 18,913,460	₱ -
					₱ 48,094,910

December 31, 2020						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 80,644,153	₱ -	₱ -	₱ -	₱ -	₱ 80,644,153
Trade and other receivables	1,555,270	-	-	-	-	1,555,270
	<u>₱ 82,199,423</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 82,199,423</u>

December 31, 2019						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 111,632,559	₱ -	₱ -	₱ -	₱ -	₱ 111,632,559
Trade and other receivables	246,705	-	-	-	-	246,705
	<u>₱ 111,879,264</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 111,879,264</u>

Details of past due accounts but not impaired is as follows:

December 31, 2021				
Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due
Trade receivables	<u>₱4,735,832</u>	<u>₱6,098,665</u>	<u>₱2,881,016</u>	<u>₱5,197,947</u>
				<u>₱18,913,460</u>

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	2021	2020	2019
Cash in banks	₱ 26,087,265	₱ 80,624,153	₱ 111,625,559
Trade and other receivables	<u>16,756,531</u>	<u>1,555,270</u>	<u>246,705</u>
	<u>₱ 42,843,796</u>	<u>₱ 82,179,423</u>	<u>₱ 111,872,264</u>

Cash excludes cash on hand amounting to ₱1,655,000, and ₱179,411 and ₱7,000 in December 31, 2021, 2020 and 2019.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and advances to contractors as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Trade and other receivables

The Company applies the PFRS 9 forward-looking approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

On that basis, the loss allowance as at December 31, 2021 was determined based on months past due, as follows for trade receivables:

	December 31, 2021					
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over
						Total
Expected loss rate	2%	5%	7%	10%	15%	100%
Trade receivables	P 970,974	P 4,735,832	P 6,098,665	P 2,881,016	P 3,025,667	P 2,172,280
Loss allowance	19,419	236,792	426,907	288,102	453,850	2,172,280
						P 3,597,349

A reconciliation of the closing loss allowance for trade receivables as at December 31, 2021, 2020 and 2019 are presented below:

	2021	2020	2019
Balance at January 1	P -	P -	P -
Credit losses	3,597,349	-	-
Recovery of allowance	-	-	-
Balance, December 31	P 3,597,349	P -	P -

NOTE 25 - CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

Management sees to it that equity is closely monitored in proportion to risk. Total equity comprises all components of equity including share capital and accumulated earnings of the Company. The Company monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as total liabilities divided by total equity.

	2021	2020	2019
Liabilities	P 986,095,214	P 888,339,710	P 814,944,465
Equity	442,451,065	480,868,433	459,996,784
Debt-to-Equity Ratio	2.23:1	1.85:1	1.77:1

NOTE 26 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2021, 2020 and 2019:

		December 31, 2021			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash in banks	6	P 26,087,265	P-	P 26,087,265	P-
Trade and other receivables	7	16,756,531	-	16,756,531	-
		<u>P 42,843,796</u>	<u>P-</u>	<u>P 42,843,796</u>	<u>P-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P 84,103,603	P-	P 84,103,603	P-
Loans payable	15	841,221,338	-	841,221,338	-
Advances from shareholders	23	26,500,000	-	26,500,000	-
Retention and professional fee payable	14	33,212,650	-	33,212,650	-
		<u>P 946,416,740</u>	<u>P-</u>	<u>P 946,416,740</u>	<u>P-</u>
		December 31, 2020			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash in banks	6	P 80,464,742	P-	P 80,464,742	P-
Receivables	7	1,555,270	-	1,555,270	-
		<u>P 82,020,012</u>	<u>P-</u>	<u>P 82,020,012</u>	<u>P-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P 33,899,379	P-	P 33,899,379	P-
Loans payable	15	813,964,173	-	813,964,173	-
Retention and professional fee payable	14	39,738,068	-	39,738,068	-
		<u>P 887,601,620</u>	<u>P-</u>	<u>P 887,601,620</u>	<u>P-</u>
		December 31, 2019			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Assets for which fair values are disclosed:					
Cash in banks	6	P 111,625,559	P-	P 111,625,559	P-
Receivables	7	246,705	-	246,705	-
		<u>P 111,872,264</u>	<u>P-</u>	<u>P 111,872,264</u>	<u>P-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P 58,816,159	P-	P 58,816,159	P-
Loans payable	15	692,214,692	-	692,214,692	-
Retention and professional fee payable	14	63,243,983	-	63,243,983	-
		<u>P 814,274,834</u>	<u>P-</u>	<u>P 814,274,834</u>	<u>P-</u>

**Trade and other payables excludes government statutory payables amounting to P6,151,670, P737,262 and P667,558 for 2021, 2020 and 2019, respectively.*

NOTE 27 - EFFECCT OF COVID-19

In March 2020, COVID-19 started to became widespread and has severely impacted many local economies around the globe. In many countries like the Philippines, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, includes travel bans, quarantines, social distancing, and closures of non-essential services, these have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The Government have responded with monetary and fiscal interventions to stabilize economic conditions.

The scale and duration of the COVID-19 pandemic remain uncertain as of the date of the issuance of the separate financial statements. Now that omicron variant is surging to its peak it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company's operations. Accordingly, the financial position and results of operations as of and for the years ended December 31, 2021 and 2020 have not been adjusted to reflect their impact, if any.

The Company continues to monitor the risks and the on-going COVID-19 impact to its business.

NOTE 28 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Present below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

2021

	<u>Loans Payable</u>	<u>Advances from Shareholders</u>	<u>Total</u>
Balance as of January 1, 2021	P813,964,173	P -	P813,964,173
Cash flow from Financing Activities:			
Additional Borrowing	60,000,000	26,500,000	86,500,000
Repayment of Borrowing	(32,742,835)	-	(32,742,835)
Balance, December 31, 2021	<u>P841,221,338</u>	<u>P26,500,000</u>	<u>P867,721,338</u>

2020

	<u>Loans Payable</u>
Balance as of January 1, 2020	692,214,692
Cash flow from Financing Activities:	
Additional Borrowing	140,000,000
Repayment of Borrowing	(18,250,519)
Balance, December 31, 2020	<u>813,964,173</u>

2019

	<u>Loans Payable</u>
Balance as of January 1, 2019	502,433,164
Cash flow from Financing Activities:	
Additional Borrowing	195,000,000
Repayment of Borrowing	(5,218,472)
Balance, December 31, 2019	<u>692,214,692</u>

NOTE 29 - CONTINGENCIES

The following are the active litigation, threatened litigation, claims or assessment and investigation pending of the Company as of reporting period.

The status of these cases and claims are as follows:

Civil Case No. CEB-18-00601-CV (Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

Complaint filed by shareholder against the corporation and its board of directors/officers to declare the sale in installments as subscription contract, direct the defendant corporation to issue his certificate of stock; and to declare that he is entitled to the pre-emptive right to subscribe for additional one (1) block of shares on the account of the increase of capital stock with damages. Pre-trial was terminated. Case is set for presentation of plaintiff's evidence.

Civil Case No. R-CEB-18-01248-CV (Dax Mathew M. Quijano, Rose Marie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

Complaint filed by shareholders against the corporation and its board of directors/officers to declare the sale in installments as subscription contract, direct the defendant corporation to issue his certificate of stock; and to declare that they are entitled to the pre-emptive right to subscribe for additional one (1) block of shares on the account of the increase of capital stock. The judicial dispute resolution (JDR) failed. Case is up for pre-trial conference.

Special Civil Action Case No. R-CEB-18-08795-SC (Leo T. Sumatra, et al., vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

This is a special civil action for mandamus filed by shareholders against the corporation and its board of directors/officers for the issuance of a writ of mandamus to direct respondents to grant them pre-emptive right to subscribe to the entire increase of capital stock, in proportion to their shareholdings of one (1) block of shares equivalent to ten (10) shares of common stock. Pre-trial was terminated. Case is set for presentation of petitioners' evidence.

NOTE 30 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT and Input VAT

	<u>Tax Base</u>	<u>Amount</u>
Vatable sales	₱ 1,055,712	₱ 126,685
Exempt sales	121,336,249	-
	<u>₱ 122,391,961</u>	<u>₱ 126,685</u>

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(a) Input VAT

	<u>Amount</u>
Balance at beginning of year	P 22,222,953
Goods other than capitals goods	4,102,685
Capital goods subject to amortization	-
Services lodged under other accounts	1,584,432
Applied against output VAT	<u>(5,813,802)</u>
	<u>P 22,096,268</u>

(b) Taxes and Licenses for 2021

Taxes and licenses for 2021 consist of:

	<u>Amount</u>
Documentary stamp tax	P 203,749
Business permits	173,352
Regulatory fees	100,200
Real property tax	22,923
Annual Registration	500
Others	285,085
	<u>P 785,809</u>

The amounts of taxes and licenses shown above are included under the operating expenses in the statements of comprehensive income (loss).

(c) Withholding Taxes for 2021

Withholding taxes paid and accrued during the year is as follows:

	<u>Amount</u>
Compensation and employee benefits	P 55,749
Expanded	3,721,025
	<u>P 3,796,774</u>

(d) Tax Assessments and Cases

The Company has no pending examination with the Bureau of Internal Revenue as of reporting period.

(e) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2021 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS
For The Year Ended December 31, 2021
(With Comparative Figures For The Year Ended December 31, 2020 and 2019)

Current Ratio

	2021	2020	2019
Total current assets	P 178,143,389	P 178,630,714	P 204,646,077
Total current liabilities	224,873,876	176,002,494	149,432,506
Current ratio	0.792:1	1.015:1	1.369:1

Quick Ratio

	2021	2020	2019
Total liquid asset	P 104,039,577	P 126,141,453	P 134,014,931
Total current liabilities	224,873,876	176,002,494	149,432,506
Quick ratio	0.463:1	0.717:1	0.897:1

Working Capital to Total Asset

	2021	2020	2019
Working capital	P (46,730,487)	P 2,628,220	P 55,213,571
Total liabilities	986,095,214	888,339,710	814,944,465
Working capital ratio	-0.047:1	0.003:1	0.068:1

Solvency Ratio

	2021	2020	2019
Net income (loss) after tax + Depreciation/Amortizaion	P (64,569,409)	P (21,447,246)	P (24,329,743)
Total liabilities	986,095,214	888,339,710	814,944,465
Solvency ratio	-0.065:1	-0.024:1	-0.03:1

Debt-to-equity Ratio

	2021	2020	2019
Total liabilities	P 986,095,214	P 888,339,710	P 814,944,465
Total equity	442,451,065	480,868,433	459,996,784
Debt-to-equity ratio	2.229:1	1.847:1	1.772:1

Asset-to-equity Ratio

	2021	2020	2019
Total assets	P 1,428,546,279	P 1,369,208,143	P 1,274,941,249
Total equity	442,451,065	480,868,433	459,996,784
Asset to equity ratio	3.229:1	2.847:1	2.772:1

Interest Rate Coverage Ratio

	2021	2020	2019
Pre-tax profit (loss) before interest	P (77,759,019)	P (25,980,309)	P (20,341,208)
Interest expense	49,120,972	4,522,926	11,442,228
Interest rate ratio	-1.583:1	-5.744:1	-1.778:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Year Ended December 31, 2021

(With Comparative Figures For The Year Ended December 31, 2020 and 2019)

Profitability Ratios

	2021	2020	2019
Net profit (loss) after tax	P (104,911,368)	P (23,751,057)	P (24,629,712)
Total equity	442,451,065	480,868,433.00	459,996,784
	<u>-0.237:1</u>	<u>-0.049:1</u>	<u>-0.054:1</u>

a.) Return on asset ratio

	2021	2020	2019
Net income (loss) after tax	P (104,911,368)	P (23,751,057.00)	P (24,629,712.00)
Average assets	1,398,877,211	1,322,074,696	663,966,708
	<u>-0.075:1</u>	<u>-0.018:1</u>	<u>-0.037:1</u>

b.) Return on equity ratio

	2021	2020	2019
Net profit (loss) after tax	P (104,911,368)	P (23,751,057.00)	P (24,629,712)
Average equity	461,659,749	470,432,609	229,998,392
	<u>-0.227:1</u>	<u>-0.05:1</u>	<u>-0.107:1</u>

c.) Gross Profit Margin Ratio

	2021	2020	2019
Net profit (loss) before tax	P (126,879,991)	P (30,503,235)	P (31,783,436)
Gross profit (loss)	(40,195,800)	-	-
	<u>3.157:1</u>	<u>N/A</u>	<u>N/A</u>

d.) Net Profit Margin

	2021	2020	2019
Net profit (loss) after tax	P (104,911,368)	P (23,751,057)	P (24,629,712)
Revenue	105,741,950	-	-
	<u>-0.992:1</u>	<u>N/A</u>	<u>N/A</u>

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
As of December 31, 2021**

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
N. Bacalso Avenue, Basak Pardo, Cebu City**

Unappropriated Retained Earnings (Deficit), <i>as adjusted to available for dividend distribution, beginning of the year</i>		<u>(P87,570,273)</u>
Add: Net income actually earned/realized during the period		<u>(104,911,368)</u>
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture	-	
• Unrealized foreign exchange gain - (after tax except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of Investment Property resulting to gain	-	
• Adjustment due to deviation from PFRS-gain	-	
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	<u>-</u>	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviation from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	<u>-</u>	-
Net income actually earned during the period		(104,911,368)
Add (Less):		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury Shares	-	
Sub-total	<u>-</u>	<u>-</u>
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		<u><u>P - nil -</u></u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-CEBU, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Philippine National Bank	P 8,366,210	P 8,366,210	P 60,545
Land Bank of the Philippines	8,137,998	8,137,998	4,773
Bank of the Philippine Islands	4,452,394	4,452,394	861
Development Bank of the Philippines	2,743,259	2,743,259	4,554
Banco de Oro	2,387,404	2,387,405	470
	P 26,087,266	P 26,087,266	P 71,203

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end Of Period
Consultants and employees	P1,555,270	-	P(1,087,059)	-	P469,446	-	P469,446

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
NA	NA	NA	NA	NA	NA	NA	NA

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
Hospital Information System	P1,565,923	P-	(P156,592)	(P-)	-	P1,409,331

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-CEBU, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Bank Loans	P841,221,338	P80,000,000	P 761,221,338 5.75% to 6% interest, payable quarterly in terms of 7 years and 10 years

Schedule F. Indebtedness to Related Parties (Current)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	P-	P26,500,000

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and Employees	Others (iii)
Founders' Common Preferred	600 239,400 -	600 171,696 -	- - -	- - -	200 49,800 -	- - -
Total	240,000	172,296	-	-	50,000	-

For BIR BCS/
Use Only Item:



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.

1702-RT

January 2018(ENCS)

Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".
Two copies MUST be filled with the BIR and one held by the taxpayers.



1702-RT 01/18ENCS P1

1 For ☒ Calendar ☐ Fiscal

2 Year Ended (MM/20YY)

12 - December 20 21

3 Amended Return?

☒ Yes ☐ No

4 Short Period Return

☐ Yes ☒ No

5 Alphanumeric Tax Code (ATC)

IC 055-Minimum Corporate Income Tax (MCIT) ☒

IC010 - CORPORATION IN GENERAL - JAN 1, 2009 ☒

Part I - Background Information

6 Tax Identification Number (TIN)

008 - 899 - 890 - 00000

7 RDO Code

082

8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER- CEBU, INC.

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)

982 N. BACALSO AVENUE, BRGY BASAK PARDO, CEBU CITY

9A ZIP Code 6000

10 Date of Incorporation/Organization (MM/DD/YYYY)

03/06/2014

11 Contact Number 0322655833

12 Email Address acemedicalcebu57@gmail.com

13 Method of Deductions

☒ Itemized Deductions [Section 34 (A-J), NIRC]

☐ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due

43,924

15 Less: Total Tax Credits/Payments

550,539

16 Net Tax Payable (Overpayment) (Item 14 Less Item 15)

(506,615)

Add: Penalties

17 Surcharge

0

18 Interest

0

19 Compromise

0

20 Total Penalties (Sum of Items 17 to 19)

0

21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Items 16 and 20)

(506,615)

If Overpayment, mark one(1) box only (Once the choice is made, the same is irrevocable)

☐ To be refunded

☐ To be issued a Tax Credit Certificate (TCC)

☒ To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

Signature over Printed Name of President/Principal Officer/Authorized Representative

Signature over Printed Name of Treasurer/Assistant Treasurer

22 Number of Attachments

000

Title of Signatory

PRESIDENT

TIN

Title of Signatory

ASS. TREASURER

TIN

Part III - Details of Payment

Particulars

Drawee Bank/
Agency

Number

Date(MM/DD/YYYY)

Amount

23 Cash/Bank Debit Memo

0

24 Check

0

25 Tax Debit Memo

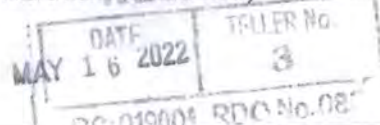
0

26 Others(Specify Below)

0

Machine Validation/Revenue Official Receipt Details [if not filed with an Authorized Agent Bank(AAB)]

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

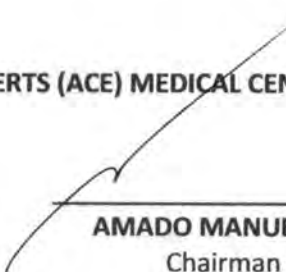
The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return and Annual Information Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.


In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, complete and correct in all material respects. Management likewise affirms that:

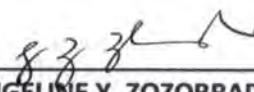
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

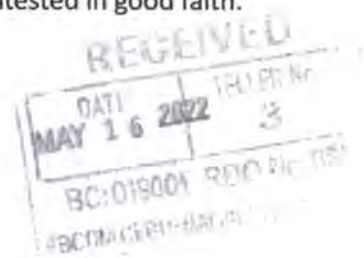
BY:

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


AMADO MANUEL C. ENRIQUEZ, JR
Chairman of the Board


MCARTHUR CONRADO A. SALONGA, JR., M.D.
President


EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer





PEREZ, SESE, VILLA & Co.

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENT FOR
FILING WITH THE BUREAU OF INTERNAL REVENUE**

**To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.**
982 N. Bacalso Avenue, Basak Pardo
Cebu City

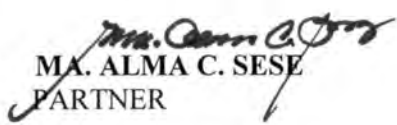
We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, for the year ended December 31, 2021, on which we have rendered the attached report dated May 14, 2022.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Company for the year ended December 31, 2021 are shown in the Schedule of Taxes and Licenses.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal shareholders of the Company.

PEREZ, SESE, VILLA & CO.

BY:


MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 0153046, January 6, 2022, Manila City

SEC Group B Accreditation

Partner – 1606-AR-1, valid until December 16, 2022

Firm – 0336-FR-1, valid until December 16, 2022

BIR AN – 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

Partner -54588-IC, valid until December 3, 2024

Firm -0222-IC, valid until December 3, 2024

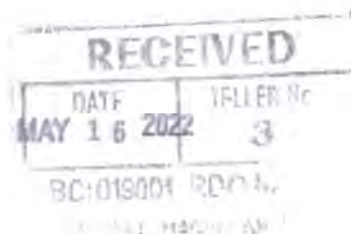
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

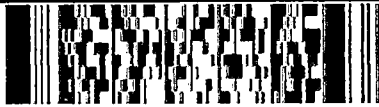
admin@psv-co.com
www.psvco.com


(02) 8994-3984


Manila, Philippines
May 14, 2022

9th Flr Unit C Marc 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate Manila, 1004



BIR Form No. 1702-RT January 2018(ENCS) Page 2		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
Taxpayer Identification Number(TIN)				Registered Name	
008 899 890 00000				ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.	
Part IV - Computation of Tax (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)					
27 Sales/Revenues/Receipts/Fees				117,748,654	
28 Less:Sales Returns, Allowances and Discounts				12,006,704	
29 Net Sales/Revenues/Receipts/Fees (Item 27 Less Item 28)				105,741,950	
30 Less: Cost of Sales/Services				145,937,750	
31 Gross Income from Operation (Item 29 less Item 30)				(40,195,800)	
32 Add: Other Taxable Income Not Subjected to Final tax				4,392,401	
33 Total Taxable Income (Sum of Items 31 and 32)				(35,803,399)	
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions				87,563,906	
35 Special Allowable Itemized Deductions				0	
36 NOLCO (Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)				0	
37 Total Deductions (Sums of Items 34 to 36)				87,563,906	
OR [in case taxable under Sec 27(A) & 28(A)(1)]					
38 Optional Standard Deduction (OSD) (40% of Item 33)				0	
39 Net Taxable Income/(Loss) If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)				(123,367,305)	
40 Applicable Income Tax Rate				25 %	
41 Income Tax Due other than Mininum Corporate Income Tax(MCIT) (Item 39 x Item 40)				0	
42 MCIT Due (2% of Item 33)				43,924	
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)				43,924	
Less: Tax Credits/Payments(attach proof)					
44 Prior Year's Excess Credits Other Than MCIT				0	
45 Income Tax Payment under MCIT from Previous Quarter/s				0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s				0	
47 Excess MCIT Applied this Current Taxable Year				0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307				0	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter				550,539	
50 Foreign Tax Credits, if applicable				0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return				0	
52 Special Tax Credits				0	
Other Credits/Payments (Specify)					
53				0	
54				0	
55 Total Tax Credits/Payments (Sum of Items 44 to 54)				550,539	
56 Net Tax Payable (Overpayment) (Item 43 Less Item 55)				(506,615)	
Part V - Tax Relief Availment					
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)				0	
58 Add:Special Tax Credits				0	
59 Total Tax Relief Availment (Sum of Items 57 & 58)				0	

BIR Form No. 1702-RT January 2018(ENCS) Page 3		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P3	
Taxpayer Identification Number(TIN)				Registered Name	
008 899 890 00000				ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.	
Part VI - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)					
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s if necessary)					
1 Amortization				156,592	
2 Bad Debts				0	
3 Charitable and Other Contributions				0	
4 Depletion				0	
5 Depreciation				2,869,949	
6 Entertainment, Amusement and Recreation				0	
7 Fringe Benefits				0	
8 Interest				49,103,171	
9 Losses				0	
10 Pension Trusts				0	
11 Rental				0	
12 Research and Development				0	
13 Salaries, Wages and Allowances				11,522,607	
14 SSS, GSIS, Philhealth, HDMF and Other Contributions				955,579	
15 Taxes and Licenses				785,809	
16 Transportation and Travel				1,966,700	
17 Others(Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s), if necessary)					
a Janitorial and Messengerial Services				0	
b Professional Fees				1,374,448	
c Security Services				4,220,386	
d LIGHT, WATER AND COMMUNICATIONS				3,107,961	
e DIRECTORS ALLOWANCE				2,637,222	
f REPAIRS AND MAINTENANCE				2,206,247	
g MEETING AND CONFERENCES				1,979,167	
h OFFICE SUPPLIES				1,319,659	
i OTHERS				3,358,409	
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17)				87,563,906	
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)					
Description			Legal Basis		Amount
1					0
2					0
3					0
4					0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4)					0

BIR Form No. 1702-RT January 2018(ENCS) Page 4		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P4			
Taxpayer Identification Number(TIN)			Registered Name				
008 899 890 00000			ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.				
Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)							
1 Gross Income		(35,803,399)					
2 Less: Ordinary Allowable Itemized Deductions		87,563,906					
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA,Item 7A)		(123,367,305)					
Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)							
Year Incurred		Net Operating Loss A) Amount		B) NOLCO Applied Previous Year/s			
4	2021	123,367,305		0			
5	2020	32,687,003		0			
6	2019	27,215,130		0			
7	2018	22,559,495		0			
Continuation of Schedule IIIA (Item numbers continue from table above)							
C) NOLCO Expired		D) NOLCO Applied Current Year		E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]			
4	0	0		123,367,305			
5	0	0		32,687,003			
6	0	0		27,215,130			
7	22,559,495	0		0			
8 Total NOLCO (Sum of Items 4D to 7D)		0					
Schedule IV -Computation of Minimum corporate Income Tax(MCIT)							
Year		A) Normal Income Tax as Adjusted		B) MCIT		C) Excess MCIT over Normal Income Tax	
1	2020	0		621		621	
2	2019	0		2,073		2,073	
3		0		0		0	
Continuation of Schedule IV (Item numbers continue from table above)							
D) Excess MCIT Applied/Used in Previous Years		E) Expired Portion of Excess MCIT		F) Excess MCIT Applied this Current Taxable Year		G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]	
1	0	0		0		621	
2	0	0		0		2,073	
3	0	0		0		0	
4 Total Excess MCIT Applied (Sum of Items 1F to 3F)				0			
Schedule V - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)							
1 Net Income/(Loss) per Books		(126,879,991)					
Add: Non-deductible Expenses/Taxable Other Income							
2 INTEREST ARBITRAGE		17,801					
3 CREDIT LOSSES		3,597,349					
4 Total (Sum of Items 1 to 3)		(123,264,841)					
Less: A) Non-Taxable Income and Income Subjected to Final Tax							
5 INTEREST INCOME		71,203					
6 REVERSAL OF UNREALIZED FOREX -GAIN LOSS		31,261					
B) Special Deductions							
7		0					
8		0					
9 Total (Sum of Items 5 to 8)		102,464					
10 Net taxable income (Loss) (Item 4 Less Item 9)		(123,367,305)					

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Three Months Ended March 31, 2022, Year Ended December 31, 2021 and March 31, 2021

Current Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	₱ 184,436,399	₱ 178,143,389
Total current liabilities	236,902,568	224,873,876
Current ratio	0.779:1	0.792:1

Quick Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liquid asset	₱ 128,652,934	₱ 104,039,577
Total current liabilities	236,902,568	224,873,876
Quick ratio	0.543:1	0.463:1

Working Capital to Total Asset

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Working capital	₱ (52,466,169)	₱ (46,730,487)
Total liabilities	998,123,906	986,095,214
Working capital ratio	-0.053:1	-0.047:1

Solvency Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Net income (loss) after tax + Depreciation/Amortizaion	₱ (5,869,363)	₱ (64,569,409)
Total liabilities	998,123,906	986,095,214
Solvency ratio	-0.006:1	-0.065:1

Debt-to-equity Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	₱ 998,123,906	₱ 986,095,214
Total equity	434,484,618	442,451,065
Debt-to-equity ratio	2.297:1	2.229:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Three Months Ended March 31, 2022, Year Ended December 31, 2021 and March 31, 2021

Asset-to-equity Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total assets	₱ 1,432,608,524	₱ 1,428,546,279
Total equity	434,484,618	442,451,065
Asset to equity ratio	3.297:1	3.229:1

Interest Rate Coverage Ratio

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Pre-tax profit (loss) before interest	₱ (8,088,288)	₱ (77,759,019)
Interest expense	13,253,170	49,120,972
Interest rate ratio	-0.61:1	-1.583:1

Profitability Ratios

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Net profit (loss) after tax	₱ (16,005,501)	₱ (25,967,474)
Total equity	434,484,618	483,700,960
	-0.037:1	-0.054:1

a.) Return on asset ratio

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Net income (loss) after tax	₱ (16,005,501)	₱ (25,967,474)
Average assets	1,430,577,402	1,380,895,804
	-0.011:1	-0.019:1

b.) Return on equity ratio

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Net profit (loss) after tax	₱ (16,005,501)	₱ (25,967,474.00)
Average equity	438,467,842	482,284,697.00
	-0.037:1	-0.054:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Three Months Ended March 31, 2022, Year Ended December 31, 2021 and March 31, 2021

c.) Gross Profit Margin Ratio

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Net profit (loss) before tax	₱ (21,341,458)	₱ (34,643,457)
Gross profit	(472,439)	(15,777,070)
	45.173:1	2.196:1

d.) Net Profit Margin

	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)
Net profit (loss) after tax	₱ (16,005,501)	₱ (25,967,474)
Revenue	35,576,592	11,836,008
	-0.45:1	-2.194:1

**LIST OF REQUIRED DISCLOSURE AND INFORMATION ON SEC. 49 OF THE
REVISED CORPORATION CODE**

List of Required Disclosure and Information	Page No.
a. The minutes of the most recent regular meeting which shall include, among others: <ol style="list-style-type: none"> 1. Description of the voting and vote tabulation procedures used in the previous meeting; 2. Description of the opportunity given to the stockholders or members to ask questions and a record of the questions asked and answers given; 3. Matters discussed and resolutions reached; 4. Record of the voting results for each agenda item; 5. List of directors or trustees, officers and stockholders or members who attended the meeting; and 6. Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders. 	Website
b. A material information on the current stockholders and their voting rights;	Page 4, and Annex "C" of the DIS
c. A detailed, descriptive, balanced, and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs;	Management Report (Annex "B" of the DIS)
d. A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with the Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees;	Y2021 SEC Form 17A
e. An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof;	Page 33 of the DIS; Section 3, Article III of the Bylaws posted in the website
f. Directors' profiles	Annex "A" of the DIS
g. A director attendance report	Annex "E" of the DIS
h. Appraisals and performance reports for the board and the criteria and procedure for assessment;	Page
i. A director compensation report prepared in accordance with the Code and the rules the Commission may prescribe;	NA – The directors do

	not receive compensation.
j. Director disclosures on self-dealings and related party transactions; and/or	Page 9 of the DIS
k. The profiles of directors nominated or seeking election or reelection.	Annex "A" of the DIS