Subject: Re: Allied Care Experts (ACE) Medical Center - Cebu, Inc_SEC Form 17A_24 August 2023
Date: Thursday, August 24, 2023 at 12:26:47 PM Philippine Standard Time
From: ICTD Submission
To: corpsecacemccebu@gmail.com

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-- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation

3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

COVER SHEET

C	S	2	0	1	4	2	1	6	7	5

S.E.C. Registration Number

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 .

(Company's Full Name)

9 8 2 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

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

Ma. Asuncion Hipolita B. Libre

Contact Person

032-2655833

Company Telephone Number

1	2		3	1

Month Day

Fiscal Year

	1	7	A	

FORM TYPE

0	4			

Month Day

Annual Meeting

PERMIT TO SELL SECURITIES

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2038

Total No. of Stockholders

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

-

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended ... December 31, 2022

2. SEC Identification Number … CS201421675

3. BIR Tax Identification No. ...008-899-890-000

4. Exact name of issuer as specified in its charter…Allied Care Experts (ACE) Medical Center-Cebu Inc.

5. Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 982 N. Bacalso Avenue, Brgy Basak, Pardo, Cebu City — 6000
Address of principal office — Postal Code

8. (032) 2655833
Issuer's telephone number, including area code

9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Founder	600
Common	172,340
Treasury	198

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

Yes [ ] No [x]

If yes, state the name of such stock exchange and the classes of securities listed therein:

______________________________________ _____________________

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports).

Yes [x] No [ ]

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

Yes [x] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] Not applicable [x]

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Business Development

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 25,325sq.m. constructed in a 3,948sq.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.

<u>Competition and Business Analysis</u>

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 Medical Center	Sambag II	1,200	Public	Level III
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 2022 for the hazardous waste it has generated.

Total Number of Employees

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

	CBA	Non-CBA	Total
Rank and File	-	237	237
Supervisors	-	6	6
Managers and Top Management	-	3	3
Total	-	246	246

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, 2022, 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.

Item 2. Properties

A. Principal Properties Owned

The following properties were acquired in the name of the Company:

a) Land

Location	Land Area	Current and Intended Use	Cost
Center of South Cebu City, along N. Bacalso Ave., at Barangay Basak Pardo, Cebu City	4,430 sq. m	Operations	PHP 108,620,536.00

b) Building

Asset Code	Description	Current and Intended Use	Cost

	8-storey building with 3-level basement parking and helipad with a floor area totaling 25,325 square meters	Operations	PHP 940,297,161.00

c) Transportation Equipment

Asset Code	Description	Current and Intended Use	Cost
10033	Transportation Equipment	Operations	PHP 3,436,396

d) Office Furniture and Equipment

Asset Code	Description	Current and Intended Use	Cost
10031	Office Furnitures, Fixtures and Equipment	Operations	PHP 12,316,051.00

e) Dietary Tools and Equipment

Asset Code	Description	Current and Intended Use	Cost
	Various Dietary Tools and Equipment	Operations	PHP 686,368.00

f) Medical Equipment

Asset Code	Description	Current and Intended Use	Cost
10031	Various Medical Equipment	Operations	PHP 180,001,462.00

Item 3. Legal Proceedings

1. 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 have already filed their Answer to the Complaint.

We filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. A Judicial Dispute Resolution was scheduled but failed. Case is up for pre-trial conference.

The judicial dispute resolution (JDR) failed. The case is up for pre-trial conference on April 13, 2023

2. 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 Pre-Trial on April 30, 2021. Pre-trial was terminated. Case is set for presentation of plaintiff's evidence.

The Court rendered on August 9, 2022 a partial summary judgement on plaintiff's prayer for issuance of certificate of stock leaving the other issues sought for trial on the merits. However, instead of presenting his evidence plaintiff filed a motion to submit the case for decision based on legal issues through the filing of memorandum which is still pending for resolution.

3. 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., GeanieCerna-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. 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. Pre-trial was terminated. Case is set for presentation of petitioners' evidence.

Presentation of petitioners' evidence. Petitioners have so far presented two (2) witnesses.

PART II – SECURITIES OF THE REGISTRANT

A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

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
Market Price	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	2023
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 March 30, 2023 (latest practicable trading date) is PHP 300,000.00.

(2) Holders

There are approximately 1700 holders of common shares and 54 holders of founders' shares of the Company as of 31 December 2022.

TOP 20 STOCKHOLDERS AS OF DECEMBER 31, 2022

No.	NAME OF STOCKHOLDER	NUMBER OF SHARE	AMOUNT (PHP)	% OF OWNERSHIP
1.	ENRIQUEZ, AMADO MANUEL, JR. C.	15,000	15,000,000	8.79%
2.	CHAN, VELMA T.	5,006	5,386,000	2.93%
3.	MOLON, NICOLAS S.	2,500	2,500,000	1.46%
4.	MOLON, EDNA R.	2,500	2,500,000	1.46%
5.	ZOZOBRADO, EVANGELINE Y.	2,500	2,500,000	1.46%
6.	ZOZOBRADO, AGUSTIN A.	2,500	2,500,000	1.46%
7.	CERNA-LOPEZ, GEANIE A.	2,500	2,500,000	1.46%
8.	DE LEON, ROBERTO M.	2,500	2,500,000	1.46%
9.	DE LEON, MARIA RHODORA G.	2,500	2,500,000	1.46%
10.	LUNA, JOY C.	2,500	2,500,000	1.46%
11.	LUNA, RODOLFO P.	2,500	2,500,000	1.46%
12.	NOLASCO, FELIX P.	2,500	2,500,000	1.46%
13.	NOLASCO, EULENIA R.	2,500	2,500,000	1.46%
14.	ORILLAZA, GENEROSO M.	2,500	2,500,000	1.46%
15.	ORILLAZA, MARISSA A.	2,500	2,500,000	1.46%
16.	ENRIQUEZ, MARILYN R.	2,500	2,500,000	1.46%
17.	CRUZ, MAITA C.	2,500	2,500,000	1.46%
18.	CRUZ, JOHN JERLYN G.	2,500	2,500,000	1.46%
19.	RAMIRO, RONALD L.	2,500	2,500,000	1.46%
20.	RAMIRO, JANE R.	2,500	2,500,000	1.46%

(3) Dividends

Dividend Information on the Two Most Recent Fiscal Years

No dividends were issued in the last two (2) years since the Company does not have any retained earnings as it is still in its first year of operation. As of December 31, 2020, based on the loan agreement with the bank, a restriction was made limiting the company to pay dividends in the future unless appropriation is otherwise made as approved by the Board of Directors.

There is no recent sale of unregistered or exempt securities.

PART III. FINANCIAL INFORMATION

A. Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis

The following table shows the financial highlights of the Company for the years then ended December 31, 2022, 2021 and 2020:

	As of December 31		
	2022	*2021*	*2020*
Income Statement Data			
Revenue	P 164,233,187	P 105,741,950	P -
Other Income	6,712,514	4,494,865	2,621,317
Cost of Sales and Services	(186,321,195)	(135,242,817)	-
Operating expenses	(51,744,032)	(42,058,084)	(28,601,626)
Finance cost	(42,109,329)	(49,120,972)	(4,522,926)
Operating Loss	(109,228,855)	(116,185,058)	(30,503,235)
Income tax benefit	20,497,372	19,294,890	6,752,178
Net Loss	(88,731,483)	(96,890,168)	(23,751,057)

Revenue

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

Revenue generated for the year 2022 amounts ₱164.2M. This was from Hospital fees and sales of medicines, net of discounts. This increased by 55%. 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

Cost of sales and services in 2022 has increased by 38% or ₱51.1M. 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.

Operating Expenses

Operating expenses increased by 23%. The increase was primarily attributable to the increase in credit losses, utilities, taxes and licenses, repairs and maintenance, training and development, professional fee, amortization and office supplies. This is negated by decrease in directors' allowances and officers' compensation, transportation and travel, insurance, depreciation, meetings and conferences, bank service charges and miscellaneous.

Other income

Other income for the year 2022 increase by 49.34% as compared with the year 2021. The increase was due significant increase in income from cafeteria which is directly related with the Company's operation. This was negated by the decrease in interest income and miscellaneous income.

Finance costs

Finance cost decreased by 14.27%. This was due to partial settlement of loans and restructuring of loan balance due to request for deferment of loan payments in 2022.

Income tax benefit increased by 6.23%. Though the loss in 2022 is lower than in 2021, the tax benefit in 2022 is higher due to the effect of CREATE Act in 2021 income tax.

Loss for the year

Loss for the year for the year 2022 is lower than losses suffered in 2021 by 8.42%. This was mainly due to the higher revenue and other income earned for the year coupled with decrease in finance cost. 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. To mitigate the losses, the Company has strengthened its marketing efforts and relationships with its Medical Staff to increase utilization which would translate to better revenue.

Financial Condition

Total assets decreased from ₱1.436B to ₱1.408B. The decrease was primarily due to the decrease in cash, subscription receivable, inventories and property and equipment. This was negated by the increase in trade and other receivables, prepayments and other currents assets, intangible assets and deferred tax assets.

Cash decreased by ₱14.9M 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 ₱109M. The company acquired property and equipment and intangible asset amounting to ₱9.2M, made partial payment on loans payables and interest amounting to ₱54.4M. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.

Gross trade and other receivables increased by ₱18.5M primarily due to increase in trade receivables from PhilHealth, HMO and patients. The increase in gross receivables were reduced by the increase in allowance for credit losses resulting to a net increase in trade and other receivables – net by ₱3.5M.

Subscription receivable decreased by ₱18.6M. Collection for the period is higher than the additional partially paid subscriptions.

The decrease in inventories by ₱6.6M pertains mainly to increase in consumption of hospital and laboratory supplies for the hospital operation.

Prepayments and other current assets increased by ₱19.1M. 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.

Property and equipment decreased by ₱2.62M. This was primarily due depreciation amounting to ₱40M negated by the acquisition for the year amounting to ₱8.7M

The increase in Intangible asset pertains mainly to the additions for the year negated by the amortization.

Deferred tax asset increased by ₱20.4M was due to the DTA recognizes for losses incurred in 2022, DTA on additional credit losses for the year negated by the expiration of unapplied MCIT and NOLCO for the year 2019.

Total liabilities increased by ₱37.6M. The increase was primarily due to increase trade and other payables, loans and advances from shareholders which was negated by partial payment of loans and retention payable.

Trade and other payables increased by ₱19.4M mainly due to the increased in unpaid purchases to suppliers of goods and services and payable to government negated by the decrease in accrued expenses.

The decreased in retention and professional fees payables amounting to ₱13.2M pertains mainly to the payment of retention payable.

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 ₱15.1M was due to the additional loan release of ₱27,500,000 in 2022 net of the partial payment made on the principal.

The increase of ₱16.3M in advances from shareholders was due to additional advances in 2022.

The ₱65.84M decrease in the total equity is primarily due to the net loss incurred by the Company on its second year of operations and return of 23 common shares which was negated by additional subscriptions for the year.

KEY PERFORMANCE INDICATORS

	Dec. 31, *2022*	**Dec. 31, *2022***	**Dec. 31, *2020***
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.226:1	0.463:1	0.717:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.522:1	0.840:1	1.015:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.662:1	2.189:1	1.847:1
3. Profitability			
a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	(0.540):1	(0.916):1	N/A
b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.213):1	(0.208):1	(0.05):1
4. Leverage			
a. Debt to total asset ratio - the proportion of total assets financed by creditors.	0.73:1	0.69:1	0.649:1

(total liabilities / total assets) **b. Asset to equity ratio** - indicator of the overall financial stability of the Company. (total assets / equity)	3.662:1	3.189:1	2.847:1
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.	(1.594):1	(1.365):1	(5.744):1

DECEMBER 31, 2022 COMPARED TO DECEMBER 31, 2021

Changes in Operating Results

On December 26, 2020, the Company launched the full commercial operations of its hospital building and facilities. Revenue generated for the year 2022 amounts ₱164.2M. This was from Hospital fees and sales of medicines, net of discounts. This increased by 55%. 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 in 2022 has increased by 38% or ₱51.1M. 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.

Operating expenses increased by 23%. The increase was primarily attributable to the increase in credit losses, utilities, taxes and licenses, repairs and maintenance, training and development, professional fee, amortization and office supplies. This is negated by decrease in directors' allowances and officers' compensation, transportation and travel, insurance, depreciation, meetings and conferences, bank service charges and miscellaneous.

Other income for the year 2022 increase by 49.34% as compared with the year 2021. The increase was due significant increase in income from cafeteria which is directly related with the Company's operation. This was negated by the decrease in interest income and miscellaneous income.

Finance cost decreased by 14.27%. This was due to partial settlement of loans and restructuring of loan balance due to request for deferment of loan payments in 2022.

Income tax benefit increased by 6.23%. Though the loss in 2022 is lower than in 2021, the tax benefit in 2022 is higher due to the effect of CREATE Act in 2021 income tax.

Loss for the year for the year 2022 is lower than losses suffered in 2021 by 8.42%. This was mainly due to the higher revenue and other income earned for the year coupled with decrease in finance cost. 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. To mitigate the losses, the Company has strengthened its marketing efforts and relationships with its Medical Staff to increase utilization which would translate to better revenue.

Changes in Financial Condition

Total assets decreased from ₱1.436B to ₱1.408B. The decrease was primarily due to the decrease in cash, subscription receivable, inventories and property and equipment. This was negated by the increase in trade and other receivables, prepayments and other currents assets, intangible assets and deferred tax assets.

Cash decreased by ₱14.9M 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 ₱109M. The company acquired property and equipment and intangible asset amounting to ₱9.2M, made partial payment on loans payables and interest amounting to ₱54.4M. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.

Gross trade and other receivables increased by ₱18.5M primarily due to increase in trade receivables from PhilHealth, HMO and patients. The increase in gross receivables were reduced by the increase in allowance for credit losses resulting to a net increase in trade and other receivables – net by ₱3.5M.

Subscription receivable decreased by ₱18.6M. Collection for the period is higher than the additional partially paid subscriptions.

The decrease in inventories by ₱6.6M pertains mainly to increase in consumption of hospital and laboratory supplies for the hospital operation.

Prepayments and other current assets increased by ₱19.1M. 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.

Property and equipment decreased by ₱2.62M. This was primarily due depreciation amounting to ₱40M negated by the acquisition for the year amounting to ₱8.7M

The increase in Intangible asset pertains mainly to the additions for the year negated by the amortization.

Deferred tax asset increased by ₱20.4M was due to the DTA recognizes for losses incurred in 2022, DTA on additional credit losses for the year negated by the expiration of unapplied MCIT and NOLCO for the year 2019.

Total liabilities increased by ₱37.6M. The increase was primarily due to increase trade and other payables, loans and advances from shareholders which was negated by partial payment of loans and retention payable.

Trade and other payables increased by ₱19.4M mainly due to the increased in unpaid purchases to suppliers of goods and services and payable to government negated by the decrease in accrued expenses.

The decreased in retention and professional fees payables amounting to ₱13.2M pertains mainly to the payment of retention payable.

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 ₱15.1M was due to the additional loan release of ₱27,500,000 in 2022 net of the partial payment made on the principal.

The increase of ₱16.3M in advances from shareholders was due to additional advances in 2022.

The ₱65.84M decrease in the total equity is primarily due to the net loss incurred by the Company on its second year of operations and return of 23 common shares which was negated by additional subscriptions for the year.

The Company made an error in the recognition of cost of sales amounting to ₱10,694,933 in 2021 resulting to overstatement of cost of sales and understatement of inventories account.

Certain items in the statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows and notes to financial statements have been restated to reflect the effect of the prior period adjustments.

Below is the summary of the changes arising from restatement:

		2021 (Previously reported)		2021 (After restatement)		Increase (Decrease)
Statements of Financial Position						
Inventories	₱	17,909,672	₱	28,604,605	₱	10,694,933
Total current assets		178,143,389		188,838,322		10,694,933
Deferred tax assets		46,763,315		44,089,582		(2,673,733)
Total non-current assets		1,250,402,890		1,247,729,157		(2,673,733)
Total assets		1,428,546,279		1,436,567,479		8,021,200
Accumulated deficits		(192,481,641)		(184,460,441)		8,021,200
Equity, net		442,451,065		450,472,265		8,021,200
Total liabilities and equity		1,428,546,279		1,436,567,479		8,021,200
Statements of Comprehensive Income						
Cost of sales and services	₱	145,937,750	₱	135,242,817	₱	(10,694,933)
Gross loss		40,195,800		29,500,867		(10,694,933)
Loss before tax		126,879,991		116,185,058		(10,694,933)
Income tax benefit		21,968,623		19,294,890		(2,673,733)
Loss for the period		104,911,368		96,890,168		(8,021,200)
Statements of Changes in Equity						
Net loss for the year	₱	104,911,368	₱	96,890,168	₱	(8,021,200)
Accumulated deficits		(192,481,641)		(184,460,441)		8,021,200
Equity, net		442,451,065		450,472,265		8,021,200
Statements of Cash Flows						
Cash Flows From Operating Activities						
Loss before tax	₱	(126,879,991)	₱	(116,185,058)	₱	10,694,933
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Inventories		(12,911,750)	₱	(23,606,683)	₱	(10,694,933)
Cash used in operation		(29,798,293)		(29,798,293)		-
Net cash used in operating activities		(79,399,429)		(79,399,429)		-

DECEMBER 31, 2021 COMPARED TO DECEMBER 31, 2020

Changes in Operating Results

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 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

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

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.

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.

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

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.

During the year, the registrant earned other income as shown below

PARTICULARS	2020	2019	2018
Donated pharmaceutical medicines	1,716,292.00	1,027,196.00	1,202,355.00
Interest income	881,196.00	-	-
Pharmacy sale	55,090.00	-	-
Sale of metal scrap	-	85,000.00	-
Unrealized foreign exchange gain (loss)	(31,261.00)	(13,706.00)	18,666.00
TOTAL	**2,621,317.00**	**1,098,490.00**	**1,221,021.00**

Material Changes in Financial Condition

From January 1, 2022 to December 31, 2022	***From January 1, 2021 to December 31, 2021***	***From January 1, 2020 to December 31, 2020***
a. Cash decreased by ₱14.9M 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 ₱109M. The company acquired property and equipment and intangible asset amounting to ₱9.2M, made partial payment on loans payables and interest amounting to ₱54.4M. These disbursements were partly funded by collection of subscription and additional loans and advances from shareholders.	**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 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.	**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. These were funded by the additional loans and proceeds from issuance of shares.
b. Trade and other receivables increased by ₱3.5M Gross trade and other receivables increased by ₱18.5M primarily due to increase in trade receivables from PhilHealth, HMO and patients. The increase in gross receivables were reduced by the increase in allowance for credit losses resulting to a net increase in trade and other receivables – net by ₱3.5M.	**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.
c. Subscription receivable decreased by ₱18.6M Collection for the period is higher than the additional partially paid subscriptions.	**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.
d. Inventories decreased by ₱6.6M increase in consumption of hospital and laboratory supplies for the hospital operation is higher than the purchases made during the year.	**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 current assets increased by ₱19.1M 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.	**e. Prepayments and other 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.	**e. Prepayments and other 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.
f. Property and equipment increased by ₱2.62M primarily due depreciation amounting to ₱40M negated by the acquisition for the year amounting to ₱8.7M	**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.	**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.
g. Intangible asset increased by ₱265K due to the additions for the year negated by the amortization.	**g. Intangible asset decreased by ₱156K** due to the amortization of the information system for the year.	**g. Intangible asset increased by ₱1.5M** acquisition of hospital information system at the end of the year.
h. Deferred tax asset increased by ₱20.4M due to the DTA recognizes for losses incurred in 2022, DTA on additional credit losses for the year negated by the expiration of unapplied MCIT and NOLCO for the year 2019.	**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.	**h. Deferred tax asset increased by ₱6.7M** due to the recognition of DTA on losses incurred in 2020.
i. Trade and other payables increased by ₱19.4M due to the increased in unpaid purchases to suppliers of goods and services and payable to government negated by the decrease in accrued expenses.	**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 government and other payables for the year.	**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 expense and government payables.
j. Retention and professional fees decreased by ₱13.2M	**j. Retention and professional fees decreased by ₱6.5M**	**j. Retention and professional fees decreased by ₱23.5M**
due to the payment of retention payable	due to the payment of professional fee on the architectural design of the Company.	due to settlement of liabilities to the contractor.
k. Loans payable increased by ₱15.1M	**k. Loans payable increased by ₱27.2M**	**k. Loans payable increased by ₱121M**

The net increase of ₱15.1M was due to the additional loan release of ₱27,500,000 in 2022 net of the partial payment made on the principal.	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 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.
l. Advances from shareholders increased by ₱16.3M	**l. Advances from shareholders increased by ₱26.5M**	
due to additional advances in 2022.	due to additional advances in 2021.	
m. Equity decreased by ₱65.84M primarily due to the net loss incurred by the Company on its second year of operations and return of 23 common shares which was negated by additional subscriptions for the year..	**m. Equity decreased by ₱26.5M** 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.	**l. Equity increased by ₱20.8M** due to issuance of shares which was partly negated by the negative result of operation for the year.

Material Changes in Operations

2022 vs. 2021	***2021 vs. 2020***	***2020 vs. 2019***
a. Revenue increased by 55% The Company is in its second year of operation, revenues are expected to be higher compared to its first year of operation in 2021	**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 increased by 38%	**b. Cost of sales and services increased by 100%**	
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.	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. Operating Expenses increased by 23% the increase was attributable to the increase in credit losses, utilities, taxes and licenses, repairs and maintenance, training and development, professional fee, amortization and office supplies. This is negated by decrease in directors' allowances and officers' compensation, transportation and travel, insurance, depreciation, meetings	**c. Operating 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 and travel, office supplies, insurance, bank service	**a. Operating 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

and conferences, bank service charges and miscellaneous.	charge, amortization, training and development and miscellaneous expenses.	negated by the decrease in director's allowance, meetings and conferences, transportation and travel, office supplies, taxes and licenses and advertising expense.
d. Other income increased by 49.34% due significant increase in income from cafeteria which is directly related with the Company's operation. This was negated by the decrease in interest income and miscellaneous income	**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.
e. Finance cost decreased by 14.27% due to partial settlement of loans and restructuring of loan balance due to request for deferment of loan payments in 2022.	**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.
f. Income tax benefit increased by 6.23%	**f. Income tax benefit increased by 225.36%**	**d. Income tax benefit decreased by 5.61%**
though the loss in 2022 is lower than in 2021, the tax benefit in 2022 is higher due to the effect of CREATE Act in 2021 income tax.	primarily due to higher net operating loss in 2021	due to lower net operating incurred in 2020 compared to 2019.
g. Loss for the year decreased by 8.42%	**g. Loss for the year increased by 315.96%**	**e. Loss for the year decreased by 4.03%**
mainly due to the higher revenue and other income earned for the year coupled with decrease in finance cost. 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.	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.	due to the impact of the restrictions in movements due to Covid 19.

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.

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.

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 continues to spend for capital expenditures in relation to the hospital operation.

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

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

The Company is involved in certain legal proceedings as enumerated and discussed in Item 3. Legal Proceedings, pages 7 - 8 of this report.

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.

B. Information on Independent Accountant

The Company's external auditor for Y2022 is the auditing firm of PEREZ, SESE, VILLA and Company, CPAs. The Board will appoint the Company's external auditor for Y2023 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 2022. 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 2022 - PHP 240,000.00 [billed and paid in 2022 (partial) and 2023 (full payment)]
   For the year 2021 - PHP 240,000.00 [billed and paid in 2021 (partial) and 2022 (full payment)]

f. The above audit fees are inclusive of the following: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's 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.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers

(1) Directors

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, to hold office until the next succeeding annual stockholders' meeting and until his/her successor is elected and qualified.

The following are the current members of the Board of Directors:

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

Name	Business and Professional Work Experience
Enriquez, Amado Manuel Jr. C., 69 years old, Filipino	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). 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 Active consultant in Cardiovascular-Thoracic Surgery – St. Luke's Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.
Molon, Nicolas S., 77 years old, Filipino	Present Positions: 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 .

	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. Past Positions: 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.
Salonga, McArthur Conrado, Jr. A., 53 years old, Filipino	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 Surgery (2016 – present): Cebu Doctors' University Hospital; Member, National Accreditation Committee, Philippine Society of General Surgeons – (2018 – present) Practicing General Surgeon at: Cebu Doctors Group of Hospitals (Cebu Doctors University Hospital, South General Hospital, North General Hospital and Mactan Doctors); Perpetual Succour Hospital; St. Vincent General Hospital; Cebu Velez General Hospital; Mendero General Hospital; Mandaue District Hospital; Ormoc Sugar Planters Association Hospital
Nolasco, Felix N., 65 years old, Filipino	Doctor of Medicine. Specialty – ENT-Head and neck Surgery, Maxillofacial Trauma Surgery. Consultant – Asian Hospital and Medical Center, Manila Doctors Hospital. President, Baypoint Hospital and Medical Center, SBMA, 2013 to 2016. Medical Director, Unihealth Paranaque Hospital and Medical Center, 2014 to 2016. Administrator, Unihealth Paranaque Hospital and Medical Center, 2017 to present. Vice-Chairman, ACE Valenzuela, 2015; ACE Baliwag, 2015. Vice-President, ACE Medical Center – Bohol, 2016 – present.
Zozobrado, Evangeline Y., 67 years old, Filipino	Director – ACE Medical Center-Cebu (2015 to Present); 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
Gabriel, Enjel A., 57 years old, Filipino	Director – ACEMC Cebu (2020-Present) Assistant Training Officer, 2002-2005 Gastroenterology Fellowship Program, Cebu Doctor's University Hospital; Research Coordinator, 2006 – present Gastroenterology Fellowship Program, Cebu Doctor's University Hospital; Secretary, Department of Internal Medicine, 2001- present UV-Gullas College of Medicine; Training Officer, Gastroenterology Fellowship Program Vicente Sotto Memorial Medical Center;

	Chairman, Department of Internal Medicine ACE Medical Center Cebu
Libre, Ma. Asuncion Hipolita B., 69 years old, Filipino,	ACE Medical Center Cebu - Asst. Corporate Secretary (2020 – 2021), Corporate Secretary (2021 – present); Cebu Doctors University Hopsital, Visayas Community Medical Center, Cebu Velez General Hospital - Former training officer, Department of Obstetrics and Gynecology; Visayas Community Medical Center – Former Chair, Department of Obstetrics and Gynecology; Cebu Institute of Medicine and Cebu Doctor's University Hospital – Associate Professor, Department of Obstetrics and Gynecology; Visayas Community Medical Center, Cebu Doctor's University Hospital, Chong Hua Hospital, Cebu Velez General Hospital, Perpetual Soccour Hospital – Active Staff, Department of Obstetrics and Gynecology; Vicente Sotto Memorial Medical Center, Gov. Celestino Gallares Memorial Hospital Bohol – Visiting Consultant; Visayas Community Medical Center – Head, Section of Gynecologic Endoscopy; Cebu Velez General Hospital – Head, Section of Gynecologic Endoscopy
Samoy, Marietta T., 64 years old, Filipino	Board Member of The FF. Hospitals: ACEMC Cebu – 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
Antigua, Neonita C., 63 years old, Filipino	Present: President - MSR Real Estate Development Corporation Inc. Business Office Head – ACE Medical Center-Cebu 2016-Present Independent Director – ACE Medical Center-Cebu 2019-2020 Previous: Security Bank – Teller Mactan Airbase Accounting Office – Bookkeeper New York Life International Insurance Corporation – Manager
Chan, Velma T., 55 years old, Filipino	Director – ACE Medical Center-Cebu (2015 to Present) Practicing Pediatrician at: Chong Hua Hospital; Cebu (Velez) General Hospital; Visayas Community Medical Center; Perpetual Succour Hospital; Sacred Heart Hospital; St. Vincent General Hospital
Chua, Edward A., 47 years old, Filipino	Private practice as pediatric pulmonologist = Part time faculty, Cebu Institute of Medicine (2012-present) = Part time faculty, Cebu Doctors University Hospital (2006-2012)
De Leon, Roberto M., 70 years old, Filipino	Director – ACE Medical Center-Cebu (2021 to present) 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 Somo$ Med Center- Mindoro Balanga Med Center- Balanga, Bataan Salt Lake Med Center- Paranaque City 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
Gonzalez, Julio L., 71 years old, Filipino	1979 to Present Private Practice as Pediatrician 2015 to Present Hospital Administrator, ACE Medical Center-Cebu 2014 to 2020 Board of Director, ACE Medical Center-Cebu Affiliated with Rotary Club Fuente, Cebu Medical Society, Philippine Medical Association
Luna, Joy C., 54 years old, Filipino	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 ALLIED CARE EXPERTS MEDICAL CENTER CEBU - March 2015 to Present > Member, Board of Directors - March 2015 to July 2020 > Pharmacy Director - April 2017 to Present PRIME HOSPITAL AND MEDICAL CENTER PASIG - December 2017 to Present > Member, Board of Directors - December 2017 to Present > Marketing Director - May 2019 to Present
Orillaza, Marissa, years old, Filipino	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. 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.
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

(2) Executive Officers

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

Dr. McArthur Conrado A. Salonga, Jr.	- President
Dr. Felix P. Nolasco	- Vice President
Dr. Evangeline Y. Zozobrado	- Treasurer

Dr. Enjel A. Gabriel	- Assistant Treasurer
Dr. Ma. Asuncion Hipolita B. Libre	- Corporate Secretary
Dr. 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, 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.

INCUMBENT OFFICERS

1. **AMADO MANUEL ENRIQUEZ, JR.** – Chairman, see foregoing Director's Profile
2. **NICOLAS S. MOLON** **–** Vice-Chairman, see foregoing Director's Profile
3. **MCARTHUR CONRADO A. SALONGA, JR. –** President, see foregoing Director's Profile
4. **FELIX P. NOLASCO –** Vice President, see foregoing Director's Profile
5. **EVANGELINE Y. ZOZOBRADO –** Treasurer, see foregoing Director's Profile
6. **ENJEL A. GABRIEL –** Assistant Treasurer, see foregoing Director's Profile
7. **MA. ASUNCION HIPOLITA B. LIBRE –** Corporate Secretary, see foregoing Director's Profile
8. **MARIETTA T. SAMOY –** Assistant Corporate Secretary, see foregoing Director's Profile

(3) Significant Employees

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

(4) Family Relationships

Except for the following:

Drs. Amado Manuel C. Enriquez, Jr., Marilyn R. Enriquez and Miguel Antonio R. Enriquez and Michael Edward R. Enriquez, who are parents and children, respectively; Drs. Geanie Cerna-Lopez and Mark Joseph Lopez, who are parent and child; Dr. Nicolas Molon, Mrs. Edna Molon, Dr. Jan Noel Molon, Ms. Myla Molon and Ms. Flordelisa Nasol, who are parents, children, and sibling, respectively; Dr. Evangeline Y. Zozobrado, Mr. Agustin Zozobrado and Dr. Kaye Zozobrado, who are parents and child, respectively; Spouses Drs. Roberto and Rhodora de Leon; Spouses Drs. John Jerlyn and Maita Cruz; Spouses Dr. Ronald and Jane Ramiro; Spouses Drs. Felix and Eulenia Nolasco; Spouses Dr. Rodolfo and Ms. Joy Luna, and Ms. Floram Limotlimot, who are in-laws and siblings, respectively; 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.

(5) 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:

December 31, 2022

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Advances	₱16,300,000	₱42,800,000	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured

(6) Involvement in Certain Legal Proceedings

1. 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 have already filed their Answer to the Complaint.

We filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. A Judicial Dispute Resolution was scheduled but failed. Case is up for pre-trial conference.

The judicial dispute resolution (JDR) failed. The case is up for pre-trial conference on April 13, 2023

2. 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 Pre-Trial on April 30, 2021. Pre-trial was terminated. Case is set for presentation of plaintiff's evidence.

The Court rendered on August 9, 2022 a partial summary judgement on plaintiff's prayer for issuance of certificate of stock leaving the other issues sought for trial on the merits. However, instead of presenting his evidence plaintiff filed a motion to submit the case for decision based on legal issues through the filing of memorandum which is still pending for resolution.

3. 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., GeanieCerna-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. 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. Pre-trial was terminated. Case is set for presentation of petitioners' evidence.

Presentation of petitioners' evidence. Petitioners had so far presented two (2) witnesses.

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

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	**Year**	**Salary**	**Bonus**	**Other Compensation**
. Chairman	2022	-	-	-
President / CEO	2022	-	-	-
Vice-President	2022	-	-	-
Treasurer	2022	-	-	-
Vice-Chairman	2022	-	-	-
Corporate Secretary	2022	-	-	-
Aggregate For The Above-Named CEO & Officers	2023-Estim.	-	-	-
	2022	-	-	-
	2021	-	-	-

Aggregate For The Officers And Directors As A Group	2023-Estim.	-	-	-
	2022	-	-	-

The Board has approved the per diem (P10,000.00/board meeting) during board meetings for each director. Likewise, last June 12, 2021, the Board has approved the compensation package for the following officers:

Position	Monthly Compensation	Monthly Impact	Annual Impact
Chairman	30,000.00	30,000.00	360,000.00
Vice Chairman	25,000.00	25,000.00	300,000.00
President	30,000.00	30,000.00	360,000.00
Vice President	25,000.00	25,000.00	300,000.00
Corporate Secretary	25,000.00	25,000.00	300,000.00
Assistant Corporate Secretary	20,000.00	20,000.00	240,000.00
Corporate Treasurer	25,000.00	25,000.00	300,000.00
Assistant Corporate Treasurer	20,000.00	20,000.00	240,000.00
Medical Director	25,000.00	25,000.00	300,000.00
Hospital Administrator	25,000.00	25,000.00	300,000.00
Assistant Medical Director	5,000.00	5,000.00	60,000.00
Assistant Hospital Administrator	5,000.00	5,000.00	60,000.00
Chief of Clinics	15,000.00	15,000.00	180,000.00
Department Heads	10,000.00	150,000.00	1,800,000.00
Assistant Department Heads	5,000.00	115,000.00	1,380,000.00

As of December 31, 2022, the Company has not yet paid the compensation of the officers as reflected above.

The Company does not have a registered, non-contributory retirement plan.

The Company has no existing options, warrants or rights to purchase any securities.

(C) Security Ownership of Certain Record and Beneficial Owners

(1) 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 December 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	Shares Held	Percent
Common Founder	Marilyn R. Enriquez / West Ave., Quezon City / Stockholder	Amado Manuel C. Enriquez, Jr., Spouse/Father	Filipino	Founder – 10 Common – 2,490 Total – 2,500	13.14%
Common Founder	Michael Edward R. Enriquez / West Ave., Quezon City / Stockholder			Founder – 10 Common – 2,490 Total – 2,500	
Common Founder	Miguel Antonio R. Enriquez/ West Ave., Quezon City / Stockholder			Founder – 10 Common – 2,490 Total – 2,500	
Common Founder	Edna R. Molon / Ramon Tirona St., BF Homes, Las Pinas City / Stockholder			Founder – 10 Common – 2,490 Total – 2,500	7.30%

Common Founder	Jan Noel R. Molon / Ramon Tirona St., BF Homes, Las Pinas City / Stockholder	Nicolas S. Molon, Spouse/Father/Brother	Filipino	Founder – 10 Common – 2,490 Total – 2,500	
Common Founder	Myla Noreen R. Molon / Ramon Tirona St., BF Homes, Las Pinas City / Stockholder			Founder – 10 Common – 2,490 Total – 2,500	
Common Founder	Flordelis M. Nasol / Ramon Tirona St., BF Homes, Las Pinas City / Stockholder			Founder – 10 Common – 2,490 Total – 2,500	

(2) Security Ownership of Directors and Management as of December 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 – 15,000 Founder – 60 Common – 14,940 Indirect – 7,500 Founder – 30 Common – 7,470	Filipino	13.14%
Common Founder	**McArthur Conrado A. Salonga, Jr.**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**Geanie Cerna-Lopez**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 2,500 Founder – 10 Common – 2,490	Filipino	2.92%
Common Founder	**Nicolas S. Molon**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 10,000 Founder – 40 Common – 9,960	Filipino	7.30%
Common Founder	**Ma. Asuncion Hipolita B. Libre**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**John Clifford E. Aranas**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**Evangeline Y. Zozobrado**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 5,000 Founder – 20 Common – 4,980	Filipino	4.38%
Common Founder	**John Jerlyn Cruz**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 2,500 Founder – 10 Common – 2,490	Filipino	2.92%
Common Founder	**Velma T. Chan**	Director	Direct – 5,006 Founder – 20 Common – 4,986	Filipino	2.92%
Common Founder	**Florentina U. Ty**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**Elda Grace G. Anota**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**Joy C. Luna**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 5,000 Founder – 20 Common – 4,980	Filipino	4.38%
Common Founder	**Roberto M. de Leon**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 2,500 Founder – 10 Common – 2,490	Filipino	2.92%

Common Founder	**Fay Jasmine G. de los Santos**	Director	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	**Ronald L. Ramiro**	Director	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 2,500 Founder – 10 Common – 2,490	Filipino	2.92%
Total for Directors			**90,006**		**52.56%**

Executive Officers:					
Common Founder	McArthur Conrado A. Salonga, Jr.	President	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Geanie Cerna-Lopez	Vice President	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 2,500 Founder – 10 Common – 2,490	Filipino	2.92%
Common Founder	Evangeline Y. Zozobrado	Treasurer	Direct – 2,500 Founder – 10 Common – 2,490 Indirect – 5,000 Founder – 20 Common – 4,980	Filipino	4.38%
Common Founder	Ma. Asuncion Hipolita B. Libre	Corporate Secretary	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Enjel A. Gabriel	Assistant Treasurer	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Common Founder	Marietta T. Samoy	Assistant Corporate Secretary	Direct – 2,500 Founder – 10 Common – 2,490	Filipino	1.46%
Total for Executive Officers			22,500		13.14%
Directors and Executive Officers as a Group			95,006		55.48%

(3) Except for Dr. Amado Manuel C. Enriquez Jr., who owns 13.14% [through direct and indirect ownership], Dr. Nicolas S. Molon, who owns 7.30% [through direct and indirect ownership], Dr. Evangeline Y. Zozobrado, who owns 4.38% [through direct and indirect ownership], Dr. Geanie Cerna-Lopez, who owns 2.92% [through direct and indirect ownership], Ms. Joy C. Luna, who owns 4.38% [through direct and indirect ownership], Dr. Velma T. Chan, who owns 2.92% [through direct ownership], Dr. John Jerlyn Cruz, who owns 2.93% [through direct and indirect ownership], Dr. Roberto M. de Leon, who owns 2.92% [through direct and indirect ownership], and Dr. Ronald L. Ramiro, who owns 2.92% [through direct and indirect ownership] none of the other Company's directors and management owns directly or indirectly 2.0% or more of the outstanding capital stock of the Company.

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

(5) 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.

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

(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 its 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:

December 31, 2022

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Advances	₱26,500,000	₱26,500,000	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured

PART V – CORPORATE GOVERNANCE

The Company adheres to the principles of good governance as provided in its Manual on Corporate Governance (MCG). The directors, officers and employees perform their duties and responsibilities in accordance with the mission and vision of the Company and the corporate practices pursuant to its Manual on Corporate Governance.

Pursuant to its Manual on Corporate Governance, the Board organized the various committees composed of the following members:

Audit Committee
Chair: Dr. Marissa A. Orillaza – Independent Director
Members: Dr. Edward A. Chua – Independent Director
Dr. Ma. Luisa S. Tan – Independent Director
Ms. Joy C. Luna
Dr. Roberto De Leon

Nominations Committee
Chair: Dr. Ma. Luisa S. Tan – Independent Director
Members: Dr. Edward A. Chua – Independent Director
Dr. Marissa A. Orillaza – Independent Director
Dr. Velma T. Chan
Dr. Marietta T. Samoy

Remuneration and Compensation Committee
Chair: Dr. Ma. Luisa S. Tan – Independent Director
Dr. Edward A. Chua – Independent Director
Dr. Marissa A. Orillaza – Independent Director
Dr. Evangeline Zozobrado
Mrs. Neonita C. Antigua

Corporate Governance Committee
Chair: Dr. Edward A. Chua – Independent Director
Members: Dr. Marissa A. Orillaza – Independent Director
Dr. Ma. Luisa S. Tan – Independent Director
Dr. Felix P. Nolasco
Dr. Julio L. Gonzalez

Board Risk Oversight Committee
Chair: Dr. Edward A. Chua – Independent Director
Members: Dr. Marissa A. Orillaza – Independent Director
Dr. Ma. Luisa S. Tan – Independent Director
Dr. Ma. Asuncion Hipolita B. Libre

Dr. Nicolas S. Molon

There were no major deviations from the adopted Manual on Corporate Governance.

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

PART VI - EXHIBITS AND SCHEDULES

(a) Exhibit

* 2022 Audited Financial Statements

(b) Reports on SEC Form 17-C

DATE	EVENT REPORTED
January 8, 2022	Re damages sustained by the hospital building during Typhoon Odette
February 12, 2022	Postponement of the Y2022 Annual Stockholders Meeting Amendment of the Annual Stockholders' Meeting Schedule in the Bylaws
August 15, 2022 (Annual Stockholders' Meeting)	Appointment of External Auditor for Y2022 Election of Directors for Year 2022-2023 Approval of the Y2021 Audited Financial Statements Election of Officers for Year 2022-2023
September 10, 2022	Appointment of Board Committees

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code of the Philippines, this amended annual report has been signed on behalf of the issuer, by the following persons in the capacities and on the dates indicated.

MCARTHUR CONRADO A. SALONGA, JR.
President

MA. ASUNCION HIPOLITA B. LIBRE
Corporate Secretary

EVANGELINE Y. ZOZOBRADO
Treasurer

SUBSCRIBED AND SWORN to before me this 15th day of August 2023, affiants exhibiting to me their Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	TIN/SSS Nos.
McArthur Conrado A. Salonga Jr.	185-815-297-000
Ma. Asuncion Hipolita B. Libre	121-748-182-000
Evangeline Y. Zozobrado	133-733-843-000

NOTARY PUBLIC

Doc. No. _______
Page No. _______
Book No. _______
Series of 2023.

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.
N. Bacalso Avenue, Basak Pardo, Cebu City
Attention: The Corporate Secretary

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

FINANCIAL STATEMENTS
December 31, 2022 and 2021
(With Comparative Figures for December 31, 2020)

and

Report of Independent Auditors

ALLIED CARE EXPERTS MEDICAL CENTER - CEBU

982 N. Bacalso Avenue,
Basak Pardo, Cebu City
Cebu, Philippines 6000
info@acemedicalcentercebu.com
www.acemedicalcentercebu.com
+63 32 265 5833 / +63 917 628 9596

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, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, 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 August 7, 2023.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the _____________ Philippines, this __________, 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

PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

admin@psv-co.com
(02) 8 994-3984
9th Flr. Unit C MARC 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate, Manila 1004

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, 2022, on which we have rendered the attached report dated July 10, 2023.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty five (55) shareholders owning one hundred (100) or more shares of the Company's capital stock as at December 31, 2022, as disclosed in Note 16 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA License No. 0054588
Tax Identification No. 212-955-173-000
PTR No. 0857608, Issued on January 6, 2023, Manila City
SEC Accreditation No:
Partner – 54588-SEC Group B, issued on December 1, 2022,
valid for five (5) years covering the audit of 2022 to 2026 financial statements
Firm – 0222-SEC, Group B, Issued on December 1, 2022,
valid for five (5) years covering the audit of 2022 to 2026 financial statements
BIR Accreditation No. 06-002735-001-2021, issued on March 5, 2021,
valid for three (3) years until March 4, 2024
IC Accreditation No.
Partner -54588-IC, Group B, issued on December 3, 2020
valid for five (5) years covering the audit of 2020 to 2024 financial statements
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valid for five (5) years covering the audit of 2020 to 2024 financial statements
BOA/PRC Cert. of Reg. No. 0222, issued on September 29, 2022 valid until October 12, 2023

Manila, Philippines
July 10, 2023

PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

admin@psv-co.com
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9th Flr. Unit C MARC 2000 Tower
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Malate, Manila 1004

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, 2022 and have issued our report thereon dated August 7, 2023. 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

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Manila, Philippines
August 7, 2023

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, 2022 and 2021, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years 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, 2022 and 2021, and its financial performance and its cash flows for the years 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 were audited by another auditor whose report dated March 15, 2021 expressed an unmodified opinion on the financial statements. These financial statements were presented for comparative purposes only.

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, 2022 required by the Bureau of Internal Revenue as disclosed in Note 32 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 License No. 0054588
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Manila, Philippines
August 7, 2023

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(With Comparative Figures for December 31, 2020)

	Notes	2022	2021 (As Restated, Note 29)	2020
ASSETS				
Current Assets				
Cash	*4,6*	₱ **12,843,591**	₱ 27,742,265	₱ 80,644,153
Trade and other receivables	*4,7*	**20,290,964**	16,756,531	1,555,270
Subscription receivable	*4,8*	**40,922,156**	59,540,781	43,942,030
Inventories	*4,9*	**21,977,535**	28,604,605	4,997,922
Prepayments and other current assets	*4,5,10*	**75,325,508**	56,194,140	47,491,339
Total Current Assets		**171,359,754**	188,838,322	178,630,714
Non-Current Assets				
Property and equipment, net	*4,5,11*	**1,170,755,806**	1,202,230,244	1,164,260,738
Intangible assets	*4,5,12*	**1,674,570**	1,409,331	1,565,923
Deferred tax asset	*4,5,22*	**64,586,954**	44,089,582	24,750,768
Total Non-Current Assets		**1,237,017,330**	1,247,729,157	1,190,577,429
TOTAL ASSETS		₱ **1,408,377,084**	₱ 1,436,567,479	₱ 1,369,208,143
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	*4,13*	₱ **104,647,174**	₱ 85,161,226	₱ 34,636,641
Loans payable - current	*4,15*	**160,601,852**	80,000,000	101,626,957
Income tax payable	*4,22*	**-**	-	828
Advances from shareholders	*4,23*	**42,800,000**	26,500,000	-
Retention and professional fees payable	*4,14*	**19,936,014**	33,212,650	39,738,068
Total Current Liabilities		**327,985,040**	224,873,876	176,002,494
Non-current liabilities				
Loans payable - non current	*4,15*	**695,764,262**	761,221,338	712,337,216
Total Liabilities		**1,023,749,302**	986,095,214	888,339,710
Equity				
Share capital	*4,16*	**172,896,000**	172,296,000	170,741,000
Share premium	*4,16*	**483,606,706**	461,096,706	395,856,706
Subscribed capital stock	*4,16*	**4,635,000**	4,455,000	3,750,000
Treasury shares	*4,16*	**(3,318,000)**	(2,915,000)	(1,909,000)
Accumulated Deficits	*4*	**(273,191,924)**	(184,460,441)	(87,570,273)
Equity, net		**384,627,782**	450,472,265	480,868,433
TOTAL LIABILITIES AND EQUITY		₱ **1,408,377,084**	₱ 1,436,567,479	₱ 1,369,208,143

(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, 2022 and 2021

(With Comparative Figures For The Year Ended December 31,2020)

	Notes	**2022**	2021 (As Restated, Note 29)	2020
REVENUES - net	*4,17*	₱ **164,233,187**	₱ 105,741,950	₱ -
COST OF SALES AND SERVICES	*4,18*	**(186,321,195)**	(135,242,817)	-
GROSS LOSS		**(22,088,008)**	(29,500,867)	-
OPERATING EXPENSES	*4,19*	**(51,744,032)**	(42,058,084)	(28,601,626)
OTHER INCOME	*4,20*	**6,712,514**	4,494,865	2,621,317
FINANCE COST	*4,15*	**(42,109,329)**	(49,120,972)	(4,522,926)
LOSS BEFORE TAX		**(109,228,855)**	(116,185,058)	(30,503,235)
INCOME TAX BENEFIT	*4,22*			
Current		-	43,717	828
Deferred		**(20,497,372)**	(19,338,607)	(6,753,006)
		(20,497,372)	(19,294,890)	(6,752,178)
LOSS FOR THE PERIOD		**(88,731,483)**	(96,890,168)	(23,751,057)
OTHER COMPREHENSIVE INCOME (LOSS)			-	-
TOTAL COMPREHENSIVE LOSS		₱ **(88,731,483)**	₱ (96,890,168)	₱ (23,751,057)

(See accompanying Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
RDO 82 CEBU CITY SOUTH
RECEIVED
2 4 AUG 2023
HYACINTH G. SANCHEZ

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

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2022 and 2021

(With Comparative Figures For The Year Ended December 31,2020)

	Notes	**2022**	2021 (As Restated, Note 29)	2020
SHARE CAPITAL	*4,16*			
Balance at beginning of the year		**₱ 172,296,000**	₱ 170,741,000	₱ 167,439,000
Issuance		**600,000**	1,555,000	3,302,000
Balance at end of the year		**172,896,000**	172,296,000	170,741,000
SHARE PREMIUM	*4,16*			
Balance, beginning of the year		**₱ 461,096,706**	₱ 395,856,706	₱ 354,710,000
Additional		**22,510,000**	65,240,000	41,146,706
Balance, end of the year		**483,606,706**	461,096,706	395,856,706
SUBSCRIBED CAPITAL STOCK	*4.16*			
Balance, beginning of the year		**4,455,000**	3,750,000	2,970,000
Additional		**780,000**	2,260,000	4,082,000
Payments		**(600,000)**	(1,555,000)	(3,302,000)
Balance, end of the year		**4,635,000**	4,455,000	3,750,000
TREASURY SHARES	*4,16*			
Balance at beginning of the year		**(2,915,000)**	(1,909,000)	(1,303,000)
Repurchase		**(403,000)**	(1,006,000)	(606,000)
Balance at end of the year		**(3,318,000)**	(2,915,000)	(1,909,000)
ACCUMULATED DEFICITS	*4*			
Balance, beginning of the period		**(184,460,441)**	(87,570,273)	(63,819,216)
Net loss for the year		**(88,731,483)**	(96,890,168)	(23,751,057)
Balance, end of the period		**(273,191,924)**	(184,460,441)	(87,570,273)
EQUITY, net		**₱ 384,627,782**	₱ 450,472,265	₱ 480,868,433

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2022 and 2021
(With Comparative Figures For The Year Ended December 31,2020)

	Notes	2022	2021 (As Restated, Note 29)	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		₱ (109,228,855)	(116,185,058)	₱ (30,503,235)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,5,11	40,490,130	40,341,959	2,303,811
Interest income	4,20	(12,330)	(71,203)	(881,196)
Foreign currency (gain) loss	4,20	(76,563)	-	31,262
Interest expense	4,15	42,109,329	49,120,972	4,522,926
Operating loss before changes in working capital		(26,718,289)	(26,793,330)	(24,526,432)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,7	(3,534,433)	(15,201,261)	-
Inventories	4,9	6,627,070	(23,606,683)	-
Prepayments and other current assets	4,5,10	(17,748,818)	(8,196,186)	16,833,321
Increase (decrease) in:				
Trade and other payables	4,13	19,485,948	50,524,585	(25,928,041)
Retention and professional fees payable	4,14	(13,276,636)	(6,525,418)	(23,505,915)
Cash used in operation		(35,165,158)	(29,798,293)	(57,127,067)
Interest received	4,20	12,330	71,203	881,196
Interest paid	4,15	(42,109,329)	(49,120,972)	(4,522,926)
Income taxes paid	4,22	(1,382,550)	(551,367)	(1,245)
Net cash used in operating activities		(78,644,707)	(79,399,429)	(60,770,042)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,11	(8,702,507)	(78,154,873)	(73,132,508)
Acquisition of intangible assets	4,5,12	(578,424)	-	(1,565,923)
Net cash used in investing activities		(9,280,931)	(78,154,873)	(74,698,431)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,16	41,908,625	51,901,249	23,422,343
Purchase of treasury shares	4,16	(403,000)	(1,006,000)	(606,000)
Proceeds of loans	4,15	27,500,000	60,000,000	140,000,000
Proceeds from advances from shareholders	4,23	16,300,000	26,500,000	-
Payment of loans	4,15	(12,355,224)	(32,742,835)	(58,305,014)
Net cash provided by financing activities		72,950,401	104,652,414	104,511,329
NET DECREASE IN CASH		(14,975,237)	(52,901,888)	(30,957,144)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH		76,563	-	(31,262)
CASH AT THE BEGINNING OF THE PERIOD		27,742,265	80,644,153	111,632,559
CASH AT THE END OF THE PERIOD		₱ 12,843,591	₱ 27,742,265	₱ 80,644,153

(See accompanying Notes to Financial Statements)

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.

Approval of the financial statement

The financial statements of the Company for the years ended December 31, 2022 and 2021 including the comparative figures for December 31, 2020, were approved and authorized for issue by the Board of Directors on August 7, 2023.

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 Company 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 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 resulting from 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.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allowed lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022.

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include 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 ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- 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. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). 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 component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendment permits 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.

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

  - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from 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.

  - Amendment to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removed 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*.

New and Amended PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted

Relevant new and amended PFRS and PIC issuances, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - 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 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, *Accounting Policies, Changes in Accounting Estimates and Errors - 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, *Income Taxes - 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. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- *IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry* – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On December 15, 2020, the SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023.

  PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)" until December 31, 2023.

- PIC Q&A 2018-12-E, *Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

  On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "exclusion of land in calculation of POC as discussed in PIC Q&A 2018-12-E" until December 31, 2023.

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.

- Amendment to PFRS 17, *Insurance Contracts - Initial Application of PFRS 17 and PFRS 9 - Comparative information*– The amendment adds a transition option for a "classification overlay" to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS 17. No amendments have been made to the transition requirements of PFRS 9.

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 and PIC issuances is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these 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, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, the Company's trade and other payables (excluding payable to government), retention fees, advances from shareholders and loans payable are classified under this category (Notes 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 statements 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

This represents revenue from primary healthcare services. This 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.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

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 eligibility requirement of 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 Company'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 of nonfinancial assets was recognized in the Company's financial statements in either 2022 and 2021.

Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account whenever events or changes in circumstances indicate that the carrying amount of the inventory may not be recoverable. The factors that the Company considers important which could trigger an impairment review include significant decline in inventories' market value, obsolescence and physical damage of inventories. If such indications are present and where the cost of inventories exceeds its estimated selling price less costs to sell, an impairment loss is recognized in profit or loss.

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:

Description	**Useful Lives**
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, 2022 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:

	2022	2021	2020
Cash on hand	**₱ 1,235,585**	₱ 1,655,000	₱ 179,411
Cash in banks	**11,608,006**	26,087,265	80,464,742
	₱ 12,843,591	₱ 27,742,265	₱ 80,644,153

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱12,330, ₱71,203 and ₱881,196 for the years 2022, 2021 and 2020, 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:

	2022	2021	2020
Trade receivable	**₱ 36,304,324**	₱ 19,884,434	₱ -

Other receivable	**2,300,000**	-	-
Advances to consultants and employees	**233,792**	469,446	1,555,270
	38,838,116	20,353,880	1,555,270
Allowance for credit losses	**(18,547,152)**	(3,597,349)	-
	₱ 20,290,964	₱ 16,756,531	₱ 1,555,270

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

Other receivable pertains to the funds misappropriated by an employee. Pending settlement of the complaint, the Company set up provision for credit losses for the whole amount.

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

A reconciliation of the allowance for expected credit losses at the beginning and end of 2022 and 2021 is shown below:

	2022	2021	2020
Balance at January 1	**₱ 3,597,349**	₱ -	₱ -
Credit losses (Note 24)	**14,949,803**	3,597,349	-
Recovery of allowance	**-**	-	-
Balance, December 31	**₱ 18,547,152**	₱ 3,597,349	₱ -

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 common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC). These are due within 12 months from the date of subscription. This amounted to ₱40,922,156, ₱59,540,781 and ₱43,942,030 as at December 31, 2022, 2021 and 2020, respectively.

NOTE 9 - INVENTORIES

This account consists of:

	2022	2021	2020
Hospital supplies	**₱ 13,242,434**	₱ 18,834,341	₱ 4,123,992
Laboratory supplies	**6,432,622**	8,299,182	681,307
Linen supplies	**739,594**	367,141	148,873
Dietary supplies	**752,936**	296,191	33,398
Office supplies	**809,949**	807,750	10,352
	₱ 21,977,535	₱ 28,604,605	₱ 4,997,922

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

The Company recognized as expense, inventories costing ₱55,982,659 and ₱49,239,792 for the years ended December 31, 2022 and 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:

	2022	2021	2020
Input VAT	**₱ 30,597,347**	₱ 27,862,464	₱ 22,222,953
Advances to suppliers	**41,257,403**	25,887,454	22,635,595
Prepaid withholding tax on compensation	**1,225,920**	1,937,607	2,038,013
Prepaid income tax (Note 22)	**1,889,165**	506,615	-
Creditable withholding tax	**355,673**	-	-
Advances to contractors	**-**	-	594,778
	₱ 75,325,508	₱ 56,194,140	₱ 47,491,339

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

Advances 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 on the succeeding remittance of employees withholding taxes.

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

Advances to contractors represent advances to contractors which are deducted 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 2022 and 2021 of property and equipment is shown below:

2022

	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	-	-	563,705	4,060,292	4,078,510	-	8,702,507
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
31-Dec-22	108,620,536	940,297,161	4,000,101	16,376,343	184,079,972	686,368	1,254,060,481
Accumulated Depreciation							
1-Jan-22	-	18,805,943	1,619,589	4,473,263	18,000,146	228,789	43,127,730
Depreciation	-	18,805,943	687,279	2,462,145	17,992,789	228,789	40,176,945
Disposals	-	-	-	-	-	-	-
31-Dec-22	-	37,611,886	1,619,589	6,935,408	35,992,935	457,578	83,304,675
Carrying amount							
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-Dec-22	₱ 108,620,536	₱ 902,685,275	₱ 1,693,233	₱ 9,440,935	₱ 148,087,037	₱ 228,790	₱1,170,755,806

2021

	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

2020

	Land	Building	Transportation Equipment	Office, Furnitures and Fixtures	Medical Equipment	Construction in progress	Total
Cost							
1-Jan-20	₱ 108,620,536	₱-	₱ 1,707,178	₱ 10,757,893	₱ 91,171,463	₱ 840,678,891	₱1,052,935,960
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	108,620,536	935,201,133	3,201,263	16,674,659	103,505,510	-	1,167,203,101
Accumulated depreciation							
1-Jan-20	-	-	420,157	218,395	-	-	638,552
Depreciation	-	-	512,153	1,791,658	-	-	2,303,811
Disposals	-	-	-	-	-	-	-
31-Dec-20	-	-	932,310	2,010,053	-	-	2,942,363
Carrying amounts							
31-Dec-19	₱ 108,620,536	₱-	₱ 1,287,021	₱ 10,539,498	₱ 91,171,463	₱840,678,891	₱1,052,297,409
Carrying amounts							
31-Dec-20	₱ 108,620,536	₱935,201,133	₱ 2,268,953	₱ 14,664,606	₱ 103,505,510	₱-	₱1,164,260,738

The Company's land and building with a total carrying value of ₱1,011,305,811, ₱1,030,111,754, and ₱1,043,821,669 as of December 31, 2022, 2021 and 2020, respectively, were used as collateral for the loan. (Note 15)

The Company's medical equipment with a carrying amount of ₱148,087,037, ₱162,001,316 and ₱103,505,510, as of December 31, 2022, 2021 and 2020, respectively were used as collateral for the loan. (Note 15)

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

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

		2022		2021		2020
Cost of sales and services	₱	**37,714,800**	₱	37,315,418	₱	-
Operating expenses		**2,462,145**		2,869,949		2,303,811
	₱	**40,176,945**	₱	40,185,367	₱	2,303,811

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 2022 and 2021, is shown below:

	2022	2021	2020
Cost			
Balance, beginning of the year	₱ **1,565,923**	₱ 1,565,923	₱ -
Additions	**578,424**	-	1,565,923
Disposal	**-**	-	-
Balance, end of the year	**2,144,347**	1,565,923	1,565,923
Accumulated Amortization			
Balance, beginning of the year	**156,592**	-	-
Amortization	**313,185**	156,592	-
Disposal	**-**	-	-
Balance at end of year	**469,777**	156,592	-
Carrying amount	₱ **1,674,570**	₱ 1,409,331	₱ 1,565,923

No impairment losses were recognized in 2022, 2021 and 2020. The amortization of intangible asset is presented as part of operating expenses (Note 19). The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	2022	2021	2020
Trade payable	₱ **94,341,888**	₱ 63,799,403	₱ 25,269,048
Accrued expense	**9,098,112**	20,304,200	8,630,331
Payable to government agencies	**1,207,174**	1,057,623	737,262
	₱ **104,647,174**	₱ 85,161,226	₱ 34,636,641

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

Accrued expenses represent 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:

	2022	2021	2020
Retention payable	₱ **19,936,014**	₱ 33,212,650	₱ 38,671,300
Professional fees payable	**-**	-	1,066,768
	₱ **19,936,014**	₱ 33,212,650	₱ 39,738,068

Retention payable pertains to amounts withheld by the Company on its payment to the contractors. This is equivalent to 10% of progress billing as provided in the construction contract of the projects. This will be paid after turnover of the project and acceptance by Company.

Professional fees payable consist of unpaid professional fee for the hospital buildings architectural design and other professional services.

NOTE 15 - LOANS PAYABLE

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

	2022	2021	2020
Current	**₱ 160,601,852**	₱ 80,000,000	₱ 101,626,957
Non-current	**695,764,262**	761,221,338	712,337,216
Total	**₱ 856,366,114**	₱ 841,221,338	₱ 813,964,173

Land Bank of the Philippines

The Company obtained credit lines from Land Bank of the Philippines (LBP) with various draw down as follows; on September 1, 2016 the amounts of ₱465,000,000 payable in ten (10) years and ₱ 35,000,000 payable in seven (7) years, and on August 24, 2019 the amounts of ₱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 intended for the acquisition of various medical machines and equipment. As of December 31, 2022, all amounts are fully drawn.

These loans are secured by a real estate mortgage, covering the Company's land and building, including all 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 ₱1,011,305,811, ₱1,030,111,754, and ₱1,043,821,669, as of December 31, 2022, 2021 and 2020, respectively, were used as collateral for the loan. (Note 11)

The Company's medical equipment with a carrying amount of ₱148,087,037, ₱162,001,316 and ₱103,505,510, as of December 31, 2022, 2021 and 2020, 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, 2022, and 2021, the Company is compliant with the terms of its loan agreement.

On December 18, 2020, the Company obtained short-term loan from LBP amounting to ₱50,000,000 with interest rate of 5.75% per annum for working capital purposes. On September 20, 2021, the Company applied for the renewal of the short-term loan amounting to ₱50,000,000 for working capital purposes. This loan is not secured by any collateral.

In 2022, the Company availed additional loan amounting to ₱27,500,000 for working capital purposes. In the same year, LBP approved the Company's request for the deferment of the principal repayments for Term Loan 2 and Term Loan 3 amounting to ₱17,222,222. The principal repayment for Term Loan 1 amounting to ₱5,000,000 which was due on September 2022 will be spread equally during the remaining amortization period commencing December 2, 2022. The principal repayment for Term 3 amounting to ₱6,111,111 per quarter which was due last May 24, 2022 and August 24, 2022 will be spread equally during the remaining amortization period commencing on November 24, 2022.

Movement of loans payable is as follows:

	2022	2021	2020
Beginning balance	**₱ 841,221,338**	₱ 813,964,173	₱ 692,214,692
Proceeds	**27,500,000**	60,000,000	140,000,000
Payments	**(12,355,224)**	(32,742,835)	(18,250,519)
Ending balance	**₱ 856,366,114**	₱ 841,221,338	₱ 813,964,173

Borrowing cost capitalized, net of interest income, amounted to ₱33,530,000 in 2020. Interest on borrowing in 2022 and 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 in 2020, was 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, 2022, 2021 and 2020 amounted to ₱39,222,661, ₱48,987,639 and ₱4,522,926, 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 (₱1,000) per share. Fully paid share capital as of December 31, 2022 and 2021 amounted to ₱172,896,000, ₱172,296,000 and ₱170,741,000, respectively.

A reconciliation of the outstanding shares at the beginning and end of 2022, 2021 and 2020 is shown below:

	2022	2021	2020
Outstanding, beginning	**172,296**	170,741	167,439
Issuance	**600**	1,555	3,302
Reacquisition	**-**	-	-
Outstanding, ending	**172,896**	172,296	170,741

The Company has fifty-five (55) shareholders as of December 31, 2022, owning 100 or more shares each. 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 December 31, 2022, the Company reacquired a total of 23 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱403,000.

These treasury shares are stated at acquisition cost and are deducted from equity. Treasury shares amounted to ₱3,318,000, ₱2,915,000 and ₱1,909,000 as of December 31, 2022, 2021 and 2020, respectively.

Subscribed Capital Stock/Share Premium

Subscribed capital stock as of December 31, 2022, 2021 and 2020 amounted to ₱4,635,000, ₱4,455,000 and ₱3,750,000 comprising of 424.5 blocks, 445.5 blocks and 375 blocks, respectively. Each block is sold at a premium of ₱200,000 or ₱300,000. Share premium from these transactions as of December 31, 2022, 2021 and 2020 amounted to ₱483,606,706, ₱461,096,706 and ₱395,856,706, respectively.

NOTE 17 - REVENUES

Details of the Company's revenues are as follows:

	2022	2021	2020
Hospital fees, net			
Hospital fees	**₱ 142,248,682**	₱ 86,938,548	₱ -
Less: Hospital Discounts	**8,244,986**	9,082,005	-
	134,003,696	77,856,543	-
Sale of drugs and medicines, net			
Sale of drugs and medicines	**31,794,611**	30,810,106	
Less: Sales Discounts	**1,565,120**	2,924,699	-
	30,229,491	27,885,407	-
	₱ 164,233,187	₱ 105,741,950	₱ -

Hospital and sales discounts are discount extended to patients, senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders, stockholder's 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:

	2022	2021	2020
Salaries and wages	**₱ 50,264,631**	₱ 27,960,399	₱ -
Supplies	**47,551,540**	31,465,630	-

Depreciation (Note 21)	**37,714,800**	37,315,418	-
Professional fees	**16,445,386**	11,831,848	-
Utilities	**14,807,438**	12,431,841	-
Service fees	**7,091,338**	4,517,547	-
Dietary	**5,017,456**	3,465,423	-
SSS/PHIC/HDMF contributions	**4,014,943**	2,640,903	-
Housekeeping and room supplies	**3,413,663**	3,613,808	-
	₱ 186,321,195	₱ 135,242,817	₱ -

NOTE 19 - OPERATING EXPENSES

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

	2022	2021	2020
Credit losses	**₱ 14,949,803**	₱ 3,597,349	₱ -
Salaries and wages	**11,631,151**	11,522,607	11,699,581
Security services	**4,620,402**	4,220,386	676,808
Utilities	**3,701,859**	3,107,961	1,750,087
Repairs and maintenance	**3,040,589**	2,206,247	1,013,958
Depreciation (Note 21)	**2,462,145**	2,869,949	2,303,811
Professional fee	**2,209,409**	1,374,448	2,252,332
Taxes and licenses	**1,993,979**	785,809	1,295,158
Meeting and conferences	**1,566,088**	1,979,167	559,078
Office supplies	**1,361,964**	1,319,659	525,111
SSS/PHIC/HDMF contributions	**929,051**	955,579	953,110
Bank service charge	**816,427**	1,008,939	293,215
Transportation and travel	**749,984**	1,966,700	472,511
Insurance	**600,000**	1,218,707	684,180
Training and development	**394,405**	182,119	-
Amortization (Note 12)	**313,185**	156,592	-
Fines and penalties	**25,190**	-	29,000
Directors' allowances and officers' compensation	**-**	2,637,222	3,111,111
Advertising/promotion/marketing	**-**	-	128,237
Miscellaneous	**378,401**	948,644	854,338
	₱ 51,744,032	₱ 42,058,084	₱ 28,601,626

NOTE 20 - OTHER INCOME

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

	2022	2021	2020
Income from cafeteria	**₱ 6,323,906**	₱ 3,629,032	₱ -
Interest income (Note 6)	**12,330**	71,203	881,196
Unrealized forex gain/(loss)	**76,563**	-	(31,261)
Miscellaneous income	**299,715**	794,630	1,771,382
	₱ 6,712,514	₱ 4,494,865	₱ 2,621,317

NOTE 21 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented as follows:

2022

	Direct Costs	Operating Expense	Total
Depreciation	₱ 37,714,800	₱ 2,462,145	₱ 40,176,945
Amortization	-	313,185	313,185
Employee benefits*	54,279,574	12,560,202	66,839,776

**Employee benefits includes salaries and wages and SSS, PHIC, HDMF contributions*

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 wages and SSS, PHIC, HDMF contributions*

NOTE 22 - INCOME TAXES

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

	2022	2021	2020
Current tax expense:			
MCIT	₱ -	₱ 43,924	₱ 828
Adjustments due to CREATE	-	(207)	-
	-	43,717	828
Deferred tax expense (income) arising from:			
Temporary differences	**(20,497,372)**	(23,463,666)	(6,753,006)
Adjustments due to CREATE	-	4,125,059	-
	(20,497,372)	(19,338,607)	(6,753,006)
Income tax benefit	**₱ (20,497,372)**	₱ (19,294,890)	₱ (6,752,178)

Reconciliation between statutory tax and effective tax follows:

	2022	2021	2020
Income tax at statutory rate	**₱ (27,307,214)**	₱ (29,046,265)	₱ (9,150,971)
Tax effect of income subject to final tax	**(3,083)**	(17,801)	(264,359)
Tax effect of non-deductible interest expense	**772**	4,450	110,150
Tax effect of non-deductible expense	**6,298**	-	8,700
Tax effect of donated pharmaceutical medicines	**-**	-	(514,888)
Tax effect of expired NOLCO	**6,803,783**	5,639,874	3,059,190
Tax effect of expired MCIT	**2,073**	-	-
Adjustments due to CREATE	**-**	4,124,852	-
Income tax benefit	**₱ (20,497,372)**	₱ (19,294,890)	₱ (6,752,178)

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

	2022	2021	2020
Regular Corporate Income Tax			
Loss before tax	**₱ (109,228,855)**	₱ (116,185,058)	₱ (30,503,235)
Permanent differences:			
Interest income	**(12,330)**	(71,203)	(881,196)
Interest arbitrage	**3,083**	17,801	367,165
Non-deductible fines and penalties	**25,190**	-	29,000
Donated pharmaceutical medicines	**-**	-	(1,716,293)
Temporary differences:			
Credit losses	**14,949,803**	3,597,349	-
Unrealized forex (gain) loss	**(76,563)**	-	31,261
Reversal of unrealized forex (gain) loss	**-**	(31,261)	(13,706)
Taxable loss	**(94,339,672)**	(112,672,372)	(32,687,004)
Tax rate	**25%**	25%	30%
	₱ (23,584,918)	₱ (28,168,093)	₱ (9,806,101)
Minimum Corporate Income Tax:			
Taxable gross income	**₱ (15,464,387)**	₱ 4,392,401	₱ 41,383
Tax rate	**1%**	1%	2%
Current tax expense	-	43,924	828
Adjustments due to CREATE	-	(207)	-
Current tax expense	-	43,717	828
Tax due (Higher of RCIT or MCIT)	-	43,924	828
Less: Tax credits			
Prior year excess credits	**(506,615)**	-	-
Creditable taxes	**(1,382,550)**	(550,539)	-
Income tax payable (prepaid income tax)	**₱ (1,889,165)**	₱ (506,615)	₱ 828

The net deferred tax assets pertain to the following as of December 31, 2022, 2021 and 2020 and the related deferred tax expense (income) for the year ended December 31, 2022, 2021 and 2020:

	Statements of Financial Position			Statements of Comprehensive Income – Profit or Loss		
	2022	2021	2020	2022	2021	2020
Deferred tax asset - MCIT	₱ 44,545	₱ 46,618	₱ 2,901	₱ (2,073)	₱ 43,717	₱ 828
Deferred tax asset - NOLCO	59,924,762	43,143,627	24,738,489	16,781,135	18,405,138	6,746,911
Allowance for credit losses	4,636,788	899,337.00	-	3,737,451	899,337	-
Unrealized (gain) loss on foreign	(19,141)	-	9,378	(19,141)	(9,378)	5,266
Net deferred tax assets	₱ 64,586,954	₱ 44,089,582	₱ 24,750,768			
Deferred tax expense				₱ 20,497,372	₱ 19,338,814	₱ 6,753,006

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-2022	2026	₱ 94,339,672	₱ -	₱ -	₱ 94,339,672
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)	-
		₱ 266,914,177	₱ -	₱ (27,215,130)	₱239,699,047

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)	-
		₱ 46,618	₱ -	₱ (2,073)	₱ 44,545

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:

2022

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Advances	₱16,300,000	₱42,800,000	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured

2021

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Advances	₱26,500,000	₱26,500,000	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. This is subject to 8% interest per annum. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Total interest expense incurred from these advances amounted to ₱2,886,668 and ₱133,333 for years ended December 31, 2022 and 2021, respectively.

Key Management Personnel Compensations

The directors allowance and officer's compensation amounted to ₱nil, ₱2,637,222, and ₱3,111,111 in 2022, 2021 and 2020, respectively.

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, 2022, 2021 and 2020 based on contractual undiscounted payment.

	December 31, 2022		
	Within 1 year	**Above 1 Year**	**Total**
Trade and other payables	**₱ 103,440,000**	**₱ -**	**₱ 103,440,000**
Loans payable	**205,810,343**	**763,031,927**	**968,842,270**
Advances from shareholders	**42,800,000**	**-**	**42,800,000**
Retention and professional fee payable	**19,936,014**	**-**	**19,936,014**
	₱ 371,986,357	**₱ 763,031,927**	**₱ 1,135,018,284**

	December 31, 2021		
	Within 1 year	Above 1 Year	Total
Trade and other payables	₱ 84,103,603	₱ -	₱ 84,103,603
Loans payable	160,258,506	877,951,066	1,038,209,572
Advances from shareholders	26,500,000	-	26,500,000
Retention and professional fee payable	33,212,650	-	33,212,650
	₱ 304,074,759	₱ 877,951,066	₱ 1,182,025,825

	December 31, 2020		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	₱ 33,899,379	₱ -	₱ 33,899,379
Loans payable	101,626,957	712,337,216	813,964,173
Advances from contractors	39,738,068	-	39,738,068
	₱ 175,264,404	₱ 712,337,216	₱ 887,601,620

**Trade and other payables exclude payable to government agencies amounting to ₱1,207,174, ₱1,057,623 and ₱737,262 for 2022, 2021 and 2020, 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 ₱856,366,114, ₱841,221,338 and ₱813,964,173 as of December 31, 2022, 2021 and 2020, 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 2022	2021	2020
+1%	**₱ (8,563,661)**	₱ (8,412,213)	₱ (8,139,642)
-1%	**8,563,661**	8,412,213	8,139,642

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 ₱586,313, ₱509,750 and ₱505,627 as of December 31, 2022, 2021 and 2020, 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 at December 31, 2022, 2021 and 2020.

Credit Quality per Class of Financial Asset

	December 31, 2022					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	₱ 11,608,006	₱-	₱-	₱-	₱-	₱ 11,608,006
Trade and other receivables	233,792	8,948,580	-	29,655,744		38,838,116
	₱ 11,841,798	₱ 8,948,580	₱ -	₱29,655,744	₱	₱ 50,446,122

	December 31, 2021					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 26,087,265	₱-	₱–	₱–	₱–	₱ 26,087,265
Trade and other receivables	1,440,420	-	-	18,913,460	-	20,353,880
	₱ 27,527,685	₱ -	₱ -	₱18,913,460	₱ -	₱ 46,441,145

	December 31, 2020					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 80,464,742	₱-	₱-	₱-	₱-	₱ 80,464,742
Trade and other receivables	1,555,270	-	-	-	-	1,555,270
	₱ 82,020,012	₱ -	₱ -	₱ -	₱ -	₱ 82,020,012

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

	December 31, 2022				
	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**	**Total**
Trade receivables	**₱6,550,420**	**₱4,061,683**	**₱1,725,438**	**₱ 17,318,203**	**₱29,655,744**

	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	Total
Trade receivables	₱4,735,832	₱6,098,665	₱2,881,016	₱5,197,947	₱18,913,460

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.

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.

	2022	2021	2020
Cash in banks	**₱ 11,608,006**	₱ 26,087,265	₱ 80,464,742
Trade and other receivables	**20,290,964**	16,756,531	1,555,270
	₱ 31,898,970	₱ 42,843,796	₱ 82,020,012

Cash excludes cash on hand amounting to ₱1,235,585, ₱1,655,000 and ₱179,411 in December 31, 2022, 2021 and 2020, respectively.

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

Trade 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.

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

	December 31, 2022						
	Current	1-30 days	31-60 days	61-90 days	91 days and over	91 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	₱ 6,648,580	₱ 6,550,420	₱ 4,061,683	₱ 1,725,438	₱ 2,339,301	₱ 14,978,902	₱ 36,304,324
Loss allowance	**132,972**	**327,521**	**284,318**	**172,544**	**350,895**	**14,978,902**	**₱ 16,247,152**

	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	₱ 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 December 31, 2022,2021 and 2020 are presented below:

	2022	2021	2020
Balance at January 1	**₱ 3,597,349**	₱ -	₱ -
Credit losses (Note 7)	**12,649,803**	3,597,349	-
Recovery of allowance	**-**	-	-
Balance, December 31	**₱ 16,247,152**	₱ 3,597,349	₱ -

Other receivables

The loss allowance is determined using the general approach. The allowances were adjusted to reflect the current and forward-looking factors affecting the ability of the counterparty to settles in receivables.

A reconciliation of the closing loss allowance for other receivables as at December 31, 2022,2021 and 2020 are presented below:

	2022	2021	2020
Balance at January 1	₱ -	₱ -	₱ -
Credit losses (Note 7)	2,300,000	-	-
Recovery of allowance	-	-	-
Balance, December 31	₱ 2,300,000	₱ -	₱ -

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.

	2022	2021	2020
Liabilities	₱ 1,023,749,302	₱ 986,095,214	₱ 888,339,710
Equity	384,627,782	450,472,265	480,868,433
Debt-to-Equity Ratio	2.66:1	2.19:1	1.85:1

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, 2022, 2021 and 2020:

		December 31, 2022			
			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	₱ 11,608,006	₱-	₱ 11,608,006	₱-
Trade and other receivables	7	20,290,964		20,290,964	
		₱ 31,898,970	₱-	₱ 31,898,970	₱-
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 103,440,000	₱–	₱ 103,440,000	₱–
Loans payable	15	856,366,114	–	856,366,114	–
Advances from shareholders	23	42,800,000	–	42,800,000	–
Retention and professional fee payable	14	19,936,014	–	19,936,014	–
		₱1,022,542,128	₱–	₱1,022,542,128	₱–

		December 31, 2021			
			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	23	26,500,000	–	26,500,000	–
Retention and professional fee payable	14	33,212,650	–	33,212,650	–
		₱ 946,416,740	₱–	₱ 946,416,740	₱–

		December 31, 2020			
			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	₱ 80,464,742	₱-	₱ 80,464,742	₱-
Trade and other receivables	7	1,555,270	–	1,555,270	–
		₱ 82,020,012	₱-	₱ 82,020,012	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 33,899,379	₱–	₱ 33,899,379	₱–
Loans payable	15	813,964,173	–	813,964,173	–
Retention and professional fee payable	14	39,738,068	–	39,738,068	–
		₱ 887,601,620	₱–	₱ 887,601,620	₱–

**Trade and other payables exclude payable to government amounting to ₱1,207,174, ₱1,057,623 and ₱737,262 for 2022, 2021 and 2020, respectively.*

NOTE 27 - IMPACT OF COVID-19 PANDEMIC

The economy is slowly on its way to recovery with the lifting of worldwide restrictions, government programs on continued immunization, and relaxation of health and safety protocols. Now that economic activities have started to normalize, the Company is optimistic to see positive impact on its financial condition and results of operations.

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.

2022

	Loans Payable	Advances from Shareholders	Total
Balance as of January 1, 2022	**₱841,221,338**	**₱26,500,000**	**₱867,721,338**
Cash flow from Financing Activities:			
Additional Borrowing	**27,500,000**	**16,300,000**	**43,800,000**
Repayment of Borrowing	**(12,355,224)**	**-**	**(12,355,224)**
Balance, December 31, 2022	**₱856,366,114**	**42,800,000**	**₱899,166,114**

2021

	Loans Payable	Advances from Shareholders	Total
Balance as of January 1, 2021	₱813,964,173	₱ -	₱813,964,173
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	₱841,221,338	₱26,500,000	₱867,721,338

2020

	Loans Payable
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	813,964,173

NOTE 29 - PRIOR PERIOD ADJUSTMENTS

The Company made an error in the recognition of cost of sales amounting to ₱10,694,933 in 2021 resulting to overstatement of cost of sales and understatement of inventories account.

Certain items in the statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows and notes to financial statements have been restated to reflect the effect of the prior period adjustments.

Below is the summary of the changes arising from restatement:

		2021 (Previously reported)		2021 (After restatement)		Increase (Decrease)
Statements of Financial Position						
Inventories	₱	17,909,672	₱	28,604,605	₱	10,694,933
Total current assets		178,143,389		188,838,322		10,694,933
Deferred tax assets		46,763,315		44,089,582		(2,673,733)
Total non-current assets		1,250,402,890		1,247,729,157		(2,673,733)
Total assets		1,428,546,279		1,436,567,479		8,021,200
Accumulated deficits		(192,481,641)		(184,460,441)		8,021,200
Equity, net		442,451,065		450,472,265		8,021,200
Total liabilities and equity		1,428,546,279		1,436,567,479		8,021,200
Statements of Comprehensive Income						
Cost of sales and services	₱	145,937,750	₱	135,242,817	₱	(10,694,933)
Gross loss		40,195,800		29,500,867		(10,694,933)
Loss before tax		126,879,991		116,185,058		(10,694,933)
Income tax benefit		21,968,623		19,294,890		(2,673,733)
Loss for the period		104,911,368		96,890,168		(8,021,200)
Statements of Changes in Equity						
Net loss for the year	₱	104,911,368	₱	96,890,168	₱	(8,021,200)
Accumulated deficits		(192,481,641)		(184,460,441)		8,021,200
Equity, net		442,451,065		450,472,265		8,021,200
Statements of Cash Flows						
Cash Flows From Operating Activities						
Loss before tax	₱	(126,879,991)	₱	(116,185,058)	₱	10,694,933
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Inventories		(12,911,750)	₱	(23,606,683)	₱	(10,694,933)
Cash used in operation		(29,798,293)		(29,798,293)		-
Net cash used in operating activities		(79,399,429)		(79,399,429)		-

NOTE 30 - 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 Company and its board of directors/officers 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 court through Court Order dated June 30, 2023, granted plaintiff's motion to submit case for decision based on the sole issue of whether plaintiff is entitled to the pre-emptive right to subscribed to additional one (1) block of shares equivalent to ten (10) shares of stock or only three (3) shares. A motion was filed for reconsideration from said order which still pending resolution.

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 Company and its board of directors/officers to declare the sale in installments as subscription contract, direct the defendant corporation to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow them to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016. The judicial dispute resolution (JDR) failed. The case is up for pre-trial conference on August 11, 2023.

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.)

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). Presentation of petitioners' evidence. Petitioners had so far presented two (2) witnesses. Instead of presenting additional witnesses, the Petitioners filed motion to submit case for decision based on the sole issue of whether plaintiff is entitled to the pre-emptive right to subscribed to additional one (1) block of shares equivalent to ten (10) shares of stock or only three (3) shares. The motion was denied by the Court. The Petitioner filed a motion for reconsideration which is pending resolution.

Criminal Case No. R-CRB-23-01112-CR-RTC (People of the Philippines vs. John Ivan Tecson)

On February 21, 2023, the Company filed a criminal case for qualified theft against Mr. John Ivan Tecson for misappropriation of Company's funds. A pre-trial conference was held last July 21, 2023. The next pre-trial conference is scheduled on August 22, 2023.

NOTE 31 - BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed as follows:

		2022		2021		2020
Income (loss) attributable to ordinary shares	₱	**(88,731,483)**	₱	(96,890,168)	₱	(23,751,057)
Divided by: Weighted average number of ordinary shares outstanding		**172,896**		172,296		170,741
Basic earnings (loss) per share	₱	**(513.21)**	₱	(562.35)	₱	(139.11)

NOTE 32 - 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

		Tax Base		Amount
Vatable sales	₱	2,758,483	₱	331,018
Exempt sales		182,374,710		-
	₱	185,133,193	₱	331,018

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(a) Input VAT

		Amount
Balance at beginning of year	₱	27,783,384
Goods other than capitals goods		1,781,692
Capital goods subject to amortization		-
Services lodged under other accounts		953,190
Applied against output VAT		(331,018)
	₱	30,187,248

(b) Taxes and Licenses for 2022

Taxes and licenses for 2022 consist of:

		Amount
Documentary stamp tax	₱	197,019
Business permits		1,443,982
Regulatory fees		220,279
Annual Registration		500
Others		132,199
	₱	1,993,979

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 2022

Withholding taxes paid and accrued during the year is as follows:

		Amount
Compensation and employee benefits	₱	706,532
Expanded		6,025,195
	₱	6,731,727

(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 34-2020 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 Years Ended December 31, 2022 and 2021
(With Comparative Figures For The Year Ended December 31, 2020)

Current Ratio

	2022	2021	2020
Total current assets	₱ **171,359,754**	₱ 188,838,322	₱ 178,630,714
Total current liabilities	**327,985,040**	224,873,876	176,002,494
Current ratio	**0.522:1**	0.84:1	1.015:1

Quick Ratio

	2022	2021	2020
Total liquid asset	₱ **74,056,711**	₱ 104,039,577	₱ 126,141,453
Total current liabilities	**327,985,040**	224,873,876	176,002,494
Quick ratio	**0.226:1**	0.463:1	0.717:1

Working Capital to Total Asset

	2022	2021	2020
Working capital	₱ **(156,625,286)**	₱ (36,035,554)	₱ 2,628,220
Total assets	**1,408,377,084**	1,436,567,479	1,369,208,143
Working capital ratio	**-0.111:1**	-0.025:1	0.002:1

Solvency Ratio

	2022	2021	2020
Net income (loss) after tax + Depreciation/Amortizaion	₱ **(48,241,353)**	₱ (56,548,209)	₱ (21,447,246)
Total liabilities	**1,023,749,302**	986,095,214	888,339,710
Solvency ratio	**-0.047:1**	-0.057:1	-0.024:1

Debt-to-equity Ratio

	2022	2021	2020
Total liabilities	₱ **1,023,749,302**	₱ 986,095,214	₱ 888,339,710
Total equity	**384,627,782**	450,472,265	480,868,433
Debt-to-equity ratio	**2.662:1**	2.189:1	1.847:1

Asset-to-equity Ratio

	2022	2021	2020
Total assets	₱ **1,408,377,084**	₱ 1,436,567,479	₱ 1,369,208,143
Total equity	**384,627,782**	450,472,265	480,868,433
Asset to equity ratio	**3.662:1**	3.189:1	2.847:1

Interest Rate Coverage Ratio

	2022	2021	2020
Pre-tax profit (loss) before interest	₱ **(67,119,526)**	₱ (67,064,086)	₱ (25,980,309)
Interest expense	**42,109,329**	49,120,972	4,522,926
Interest rate ratio	**-1.594:1**	-1.365:1	-5.744:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2022 and 2021
(With Comparative Figures For The Year Ended December 31, 2020)

Profitability Ratios

	2022	2021	2020
Net profit (loss) after tax	₱ **(88,731,483)**	₱ (96,890,168)	₱ (23,751,057)
Total equity	**384,627,782**	450,472,265	480,868,433
	-0.231:1	-0.215:1	-0.049:1

a.) Return on asset ratio

	2022	2021	2020
Net income (loss) after tax	₱ **(88,731,483)**	₱ (96,890,168)	₱ (23,751,057)
Average assets	**1,422,472,282**	1,402,887,811	1,369,208,143
	-0.062:1	-0.069:1	-0.017:1

b.) Return on equity ratio

	2022	2021	2020
Net profit (loss) after tax	₱ **(88,731,483)**	₱ (96,890,168)	₱ (23,751,057)
Average equity	**417,550,024**	465,670,349	480,868,433
	-0.213:1	-0.208:1	-0.049:1

c.) Gross Profit Margin Ratio

	2022	2021	2020
Net profit (loss) before tax	₱ **(109,228,855)**	₱ (116,185,058)	₱ (30,503,235)
Gross profit (loss)	**(22,088,008)**	(29,500,867)	-
	4.945:1	3.938:1	N/A

d.) Net Profit Margin

	2022	2021	2020
Net profit (loss) after tax	₱ **(88,731,483)**	₱ (96,890,168)	₱ (23,751,057)
Revenue	**164,233,187**	105,741,950	-
	-0.54:1	-0.916:1	N/A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 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***		**(₱192,481,641)**
Add: Net income (loss) actually earned/realized during the period		**(88,731,483)**
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	-	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviattion from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	-
Net income actually earned during the period		**(88,731,483)**
Add (Less):		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	8,021,200	
• Treasury Shares	-	
Sub-total	8,021,200	**8,021,200**
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		**₱ - nil -**

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 2,008,019	P 2,008,019	P 4,021
Land Bank of the Philippines	2,182,252	2,182,252	4,497
Bank of the Philippine Islands	5,227,031	5,227,031	1,063
Banco de Oro	1,350,672	1,350,672	698
Development Bank of the Philippines	569,940	569,940	1,980
Security Bank	270,092	270,092	71
	P 11,608,006	**P 11,608,006**	**P 12,330**

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	P469,446	-	P(413,013)	-	P56,433	-	P56,433

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	P1,409,331	P578,424	(P313,185)	(P-)	-	P1,674,570

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	P856,366,114	P160,601,852	P695,764,262 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	P26,500,000	P42,800,000

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'	600	600	-	-	200	-
Common	239,400	172,296	-	-	49,800	-
Preferred	-	-	-	-	-	-
Total	240,000	172,896	-	-	50,000	-

no clt issued for taxable year 2022
8/14/2023

Reference No : 462300055077715
Date Filed : August 05, 2023 09:17 AM
Batch Number : 0

For BIR Use Only: BCS/ 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** For 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 filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For Calendar Fiscal; 2 Year Ended (MM/20YY) 12/2022	3 Amended Return? Yes No	4 Short Period Return? Yes No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT); IC010

Part I - Background Information

6 Taxpayer Identification Number (TIN) 008 - 899 - 890 - 000 | 7 RDO Code 082

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
ALLIED CARE EXPERTS ACE MEDICAL CENTER-CEBU INC

9A Registered Address *(Indicate complete registered address)*
982 N. BACALSO AVENUE, BRGY. BASAK PARDO, CEBU CITY

9B Zipcode 6000

10 Date of Incorporation/Organization (MM/DD/YYYY)

11 Contact Number 4066333 | 12 Email Address acemccebu.ca@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 by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		0
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		1,889,165
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(1,889,165)
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 Item 16 and 20)*		(1,889,165)

If Overpayment, mark "X" one 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 tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	22 Number of Attachments
Title of Signatory / TIN	Title of Signatory / TIN	4

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 Receipts Details *(if not filed with an Authorized Agent Bank)*

Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BUREAU OF INTERNAL REVENUE
RECEIVED
24 AUG 2023
HYACINTH G. SANCHEZ

LUCINO F. PUSPUS, CPA
GROUP SUPERVISOR

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 - 000	ALLIED CARE EXPERTS ACE MEDICAL CENTER-CEBU INC

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees	174,043,293
28 Less: Sales Returns, Allowances and Discounts	9,810,106
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	164,233,187
30 Less: Cost of Sales/Services	186,321,195
31 Gross Income from Operation *(Item 29 Less Item 30)*	(22,088,008)
32 Add: Other Taxable Income Not Subjected to Final Tax	6,623,621
33 Total Taxable Income *(Sum of Items 31 and 32)*	(15,464,387)

Less: Deductions Allowable under Existing Law

34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	78,875,285	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0	
37 Total Deductions *(Sum of Items 34 to 36)*	78,875,285	
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*		
38 Optional Standard Deduction *(40% of Item 33)*	0	

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(94,339,672)
40 Applicable Income Tax Rate	30 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	0
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	0

Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	506,615
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 *(From Part VI Schedule IV Item 4)*	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	1,382,550
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 *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	1,889,165
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(1,889,165)

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 *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 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 - 000	ALLIED CARE EXPERTS ACE MEDICAL CENTER-CEBU INC

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	313,185
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	2,462,145
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	42,106,246
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	11,631,151
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	929,051
15 Taxes and Licenses	1,993,979
16 Transportation and Travel	749,984
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	2,209,409
c Security Services	4,620,402
d UTILITIES	3,701,859
e REPAIRS AND MAINTENANCE	3,040,589
f MEETINGS AND CONFERENCES	1,566,088
g OFFICE SUPPLIES	1,361,964
h INSURANCE	600,000
i OTHERS	1,589,233
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	78,875,285

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) (To Part IV Item 35)*		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 - 000	ALLIED CARE EXPERTS ACE MEDICAL CENTER-CEBU INC

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	(15,464,387)
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	78,875,285
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(94,339,672)

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)*

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2022	94,339,672	0
5 2021	123,367,305	0
6 2020	32,687,003	0
7 2019	27,215,130	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	94,339,672
5 0	0	123,367,305
6 0	0	32,687,003
7 27,215,130	0	0
8 **Total NOLCO** *(Sum of Items 4D to 7D) (To Part IV, Item 36)*	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 2021	0	43,924	43,924
2 2020	0	621	621
3 2019	0	2,073	2,073

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	43,924
2 0	0	0	621
3 0	2,073	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	(109,228,855)
Add: Non-deductible Expenses/Taxable Other Income	
2 CREDIT LOSSES	14,949,803
3 INTEREST EXPENSE, FINES AND PENALTIES	28,273
4 Total *(Sum of Items 1 to 3)*	(94,250,779)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME	12,330
6 UNREALIZED FOREX GAIN	76,563
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	88,893
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(94,339,672)