

# COVER SHEET

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SEC 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   -   P A L A W A N   I N C .

(Company's Full Name)

J O M A R I   B U I L D I N G   B   2 N D   F L R  
 M A L V A R   S T .   P U E R T O   P R I N S E S A   C I T Y  
 P A L A W A N

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

DRA. EDITHA MIGUEL

Contact Person

(048) 717-000-19

(Company Telephone Number)

1 2

3 1

Month      Day  
(Fiscal Year)

SEC FORM 17-Q

(Form Type)

4<sup>th</sup> Friday of August

Month      Day  
(Annual Meeting)

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

667

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

-----  
To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended ...**June 30, 2022**
2. Commission Identification Number. **CS201702182**
3. BIR Tax Identification No. **009-533-707**
4. Exact name of issuer as specified in its charter  
**Allied Care Experts (ACE) Medical Center – Palawan, Inc.**
5. Province, country or other jurisdiction of incorporation or organization  
**Palawan, Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
**Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan** **5300**
8. Issuer's telephone number, including area code  
**(048) 717-000-19**
9. Former name, former address and former fiscal year, if changed since last report  
**NOT APPLICABLE**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>COMMON SHARE, P1,000 PAR VALUE</b>	<b>209,930 shares / ₱ 830,042,660</b>

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

Yes [ ] No [  ]

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

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [ ]

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

Yes [  ] No [ ]

## PART I-FINANCIAL INFORMATION

### Item 1. Financial Statements

The unaudited interim financial statements of Allied Care Experts (ACE) Medical Center – Palawan, Inc. (the Company) as at and for the six months ended June 30, 2022 (with comparative figures as at December 31, 2021 (Audited) and for the six months ended June 30, 2021 (Unaudited) are filed as part of this form 17-Q as Annex A.

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

#### FINANCIAL CONDITION

	June 30, 2022		December 31, 2021		Horizontal Analysis		Vertical Analysis	
	(Unaudited)		(Audited)		Inc(Dec)	%age	June 30, 2022	December 31, 2021
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	₱	25,467,177	₱	102,299,385	(76,832,208)	-75%	2%	10%
Trade and other receivables		4,549,685		53,000	4,496,685	8484%	0%	0%
Inventories		5,434,835		1,990,948	3,443,887	173%	1%	0%
Prepayments and other current assets		605,000		689,482	(84,482)	-12%	0%	0%
<b>Total Current Assets</b>		<b>36,056,697</b>		<b>105,032,815</b>	<b>(68,976,118)</b>	<b>-152%</b>	<b>3%</b>	<b>11%</b>
<b>Non-current Assets</b>								
Property and equipment - net		998,225,404		884,574,254	113,651,150	13%	94%	89%
Deferred tax asset		24,408,674		8,538,834	15,869,840	186%	2%	1%
<b>Total Non-Current Assets</b>		<b>1,022,634,078</b>		<b>893,113,088</b>	<b>129,520,990</b>	<b>15%</b>	<b>97%</b>	<b>89%</b>
<b>TOTAL ASSETS</b>	<b>₱</b>	<b>1,058,690,775</b>	<b>₱</b>	<b>998,145,903</b>	<b>60,544,872</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Payables	₱	167,311,676	₱	100,107,727	67,203,949	67%	16%	10%
Loans payable		18,750,000		18,750,000	-	0%	2%	2%
Advances from related parties		37,730,983		54,798,338	(17,067,355)	-31%	4%	5%
<b>Total Current Liabilities</b>		<b>223,792,659</b>		<b>173,656,065</b>	<b>50,136,594</b>	<b>29%</b>	<b>21%</b>	<b>17%</b>
<b>Non-Current Liabilities</b>								
Loans payable		606,250,000		606,250,000	-	0%	57%	61%
<b>Total Liabilities</b>		<b>830,042,659</b>		<b>779,906,065</b>	<b>50,136,594</b>	<b>6%</b>	<b>78%</b>	<b>78%</b>
<b>Equity</b>								
Share capital		210,530,000		206,800,000	3,730,000	2%	20%	21%
Share premium		93,379,819		39,200,000	54,179,819	138%	9%	4%
Accumulated deficits		(75,261,703)		(27,760,162)	(47,501,541)	171%	-7%	-3%
<b>Equity, net</b>		<b>228,648,116</b>		<b>218,239,838</b>	<b>10,408,278</b>	<b>5%</b>	<b>22%</b>	<b>22%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱</b>	<b>1,058,690,775</b>	<b>₱</b>	<b>998,145,903</b>	<b>60,544,872</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>

As of June 30, 2022, the assets of the Company reached ₱1,058,690,775, 6% or ₱60,544,872 higher than in 2021 balance of ₱998,145,903. This was primarily due to significant increase in most of asset accounts.

The decreased in Cash by ₱76,832,208 was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.



The increase in trade and other receivables by ₱4,496,685 was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from HMO and DSWD as the Company partially operated its hospital building and facilities in the second quarter of 2022.

The increase in inventories pertains mainly to higher purchases of medical suppliers and drugs and medicines during second quarter of 2022.

The decreased in prepayments and other currents assets by ₱84,482 was primarily due to prepaid taxes and licenses recognize as expense in 2022.

Property and equipment increased by 13% or ₱113,651,150 due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period. In second quarter of 2022, the Company launched partial operation of its hospital building and facilities. The amount of Construction-in-progress was reclassified to Hospital Building Account.

Deferred tax asset increased by ₱15,869,840 due to the recognition of DTA on NOLCO for the six months ended June 30, 2022.

Payables increased by ₱67,203,949 was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment, and accrued expenses.

Advances from related parties decreased by ₱17,067,355. This was due to payments made on advances from shareholders in 2022.

There was no movement in the loans payable as of June 30, 2022

The increase in equity ₱10,408,278 was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the six months period ended June 30, 2022.

*Material Changes in Financial Condition*

<p><b>a. Cash decreased by ₱76.83M</b> was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.</p>
<p><b>b. Receivables increased by ₱4.49M</b> was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from HMO and DSWD as the Company started its partial operation in the second quarter of 2022.</p>
<p><b>c. Inventories increased by ₱3.44M</b> mainly to higher purchases of hospital, laboratory and dietary supplies during second quarter of 2022.</p>
<p><b>d. Prepayments and other current assets decreased by ₱84,482</b> was primarily due to prepaid taxes and licenses recognize as expense in 2022.</p>
<p><b>e. Property and equipment increased by ₱113.65M</b> due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.</p>
<p><b>f. Deferred tax asset increased by ₱15.87M</b> due to the recognition of DTA on NOLCO for the six months ended June 30, 2022.</p>
<p><b>g. Payables increased by ₱67.2M</b> was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment and supplies, and accrued expenses.</p>
<p><b>h. Advances from related parties decreased by ₱17M</b> due to payments made on advances from shareholders in 2022</p>
<p><b>i. Equity increased by ₱10.4M</b> was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the six months period ended June 30, 2022.</p>

## **RESULTS OF OPERATIONS**

The following table shows the consolidated financial highlights of the Company for the six months ended June 30, 2022 and 2021:

	For the six months ended		Horizontal Analysis		Vertical Analysis	
	30-Jun-22	30-Jun-21	Inc (Dec)	%age	30-Jun-22	30-Jun-21
Revenues	P 42,203,914	P -	P 42,203,914	100%	100%	n/a
Cost of sales and services	(73,419,261)	-	73,419,261	100%	-174%	n/a
Other income	1,596,380	10,612	1,585,768	14943%	4%	n/a
Operating expenses	(33,752,414)	(2,143,326)	31,609,088	1475%	-80%	n/a
Finance costs	-	-	-	100%	0%	n/a
Income tax benefit	15,869,840	533,848	15,335,992	2873%	38%	n/a
<b>Net loss</b>	<b>P (47,501,541)</b>	<b>P (1,598,866)</b>	<b>P 45,902,675</b>	<b>2871%</b>	<b>-113%</b>	<b>n/a</b>

As disclosed in Note 1, in the last quarter of 2021, the Company accepted outpatient on limited capacity and in first quarter of 2022, the Company opened the Pharmacy and Laboratory. In second quarter of 2022, The Company has launched partial operation of its hospital building and facilities.

Revenue generated for the six months period amounts P42.2M. This was from the operation of the Out-Patient Department, Pharmacy and Laboratory as of first quarter of 2022 and the Company's partial operation of the hospital in second quarter of 2022.

Cost of sales and services for the six months period ended June 30, 2022 amounted to P47.1M. This was directly associated with the start of the Company's partial operation in the first and second quarter of 2022. The major component of the cost of sales and services are professional fees, medical supplies, depreciation expense, employee's salaries and wages, communication, light and water and outside services.

Other income increased by 14943%. This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.

The 1475% increase in operating expenses for the six months ended June 30, 2022 compared with the June 30, 2021 was primarily due to significant increase in all expenses for the second quarter in relation to the partial operation of the hospital.

Income tax benefit for the six months ended June 30, 2022 is higher compared to six months ended June 30, 2021 due to higher expenses in 2022 resulting to higher taxable loss.

Loss for the six months ended June 30, 2022 is higher compared to six months ended June 30, 2021 primarily due to the significant increase of expenses as the Company partially operate its hospital in the second quarter of 2022.

### *Material Changes in Operating Results*

<b>a. Revenue increased by 100%</b> This was from the operation of the Out-Patient Department, Pharmacy and Laboratory as of first quarter of 2022 and the Company's partial operation of the hospital in second quarter of 2022.
<b>b. Cost of Sales increased by 100%</b> This was directly associated with the start of the Company's operation in the first and second quarter of 2022. The major component of the cost of sales and services are professional fees, medical supplies, depreciation expense, employee's salaries and wages, communication, light and water and outside services.
<b>c. Operating Expenses increased by 1,475%</b> This was primarily due to significant increase in all expenses for the second quarter in relation to the partial operation of the hospital.
<b>d. Other income increased by 1,493%</b> This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.
<b>c. Income tax benefit increased by 2,873%</b> Due to higher expenses in 2022 resulting to higher taxable loss.



**d. Loss increased by 2,871%**

Primarily due to the significant increase of expenses as the Company partially operate its hospital in the second quarter of 2022.

**THE COMPANY'S KEY PERFORMANCE INDICATORS**

	<b>Jun. 30, 2022</b>	<b>Jun. 30, 2021</b>
<b>1. Liquidity</b>		
<b>a. Quick ratio</b> - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R) / current liabilities]	0.134:1	1.052:1
<b>b. Current ratio</b> - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.161:1	1.103:1
<b>2. Solvency</b>		
<b>a. Debt to equity ratio</b> - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	3.630:1	2.731:1
<b>3. Profitability</b>		
<b>a. Net profit margin</b> - ability to generate surplus for stockholder (net income / sales) (The Company has not commence operation in June 30, 2021)	(0.208):1	N/A
<b>b. Return on equity</b> - ability to generate returns on investment of stockholders. (net income /average equity)	(0.236):1	(0.010):1
<b>4. Leverage</b>		
<b>b. Debt to total asset ratio</b> - the proportion of total assets financed by creditors. (total debt / total assets)	0.784:1	0.732:1
<b>c. Asset to equity ratio</b> - indicator of the overall financial stability of the Company. (total assets / equity)	4.630:1	3.731:1
<b>2. Interest Rate Coverage Ratio</b>		
<b>a. Interest rate coverage ratio</b> - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	(6.294):1	(0.150):1

**DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES**

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

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

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

The Company continues to spend for capital expenditures in relation to the construction of the hospital building and acquisition of hospital equipment, office equipment/ furniture and fixtures and transportation equipment. These are funded by the proceeds from the office and bank loans.

There were no significant elements of income or loss that did not arise from the Company's continuing operations. The Company is in full commercial operations in the second quarter of 2022.

There were no seasonal aspects that had any material effect on the financial conditions or results of operations of the Company.

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

## PART II – OTHER INFORMATION

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

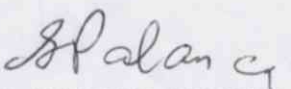
## SIGNATURES

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

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

By:

  
**DRA. EDITHA C. MIGUEL**  
President

  
**DRA. LUMEN R. PALANCA**  
Treasurer

Date: August 19, 2022

Date: August 19, 2022

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

UNAUDITED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2022

*(With Comparative Figures as at December 31, 2021 and  
Six Months Ended June 30, 2021)*



**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and December 31, 2021

	<i>Notes</i>	<b>June 30, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</b> <b>(Audited)</b>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash	4,5,6	<b>P 25,467,177</b>	<b>P 102,299,385</b>
Trade and other receivables	4,5,7	4,549,685	53,000
Inventories	4,8	5,434,835	1,990,948
Prepayments and other current assets	4,9	<u>605,000</u>	<u>689,482</u>
<b>Total Current Assets</b>		<u><b>36,056,697</b></u>	<u><b>105,032,815</b></u>
<b>Non-current Assets</b>			
Property and equipment - net	4,5,10	998,225,404	884,574,254
Deferred tax asset	4,19	<u>24,408,674</u>	<u>8,538,834</u>
<b>Total Non-Current Assets</b>		<u><b>1,022,634,078</b></u>	<u><b>893,113,088</b></u>
<b>TOTAL ASSETS</b>		<u><b>P 1,058,690,775</b></u>	<u><b>P 998,145,903</b></u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current Liabilities</b>			
Payables	4,11	<b>P 167,311,676</b>	<b>P 100,107,727</b>
Loans payable	4,12	18,750,000	18,750,000
Advances from related parties	4,20	<u>37,730,983</u>	<u>54,798,338</u>
<b>Total Current Liabilities</b>		<u><b>223,792,659</b></u>	<u><b>173,656,065</b></u>
<b>Non-Current Liabilities</b>			
Loans payable	4,12	<u>606,250,000</u>	<u>606,250,000</u>
<b>Total Liabilities</b>		<u><b>830,042,659</b></u>	<u><b>779,906,065</b></u>
<b>Equity</b>			
Share capital	4,13	210,530,000	206,800,000
Share premium	4,13	93,379,819	39,200,000
Accumulated deficits	4	<u>(75,261,703)</u>	<u>(27,760,162)</u>
<b>Equity, net</b>		<u><b>228,648,116</b></u>	<u><b>218,239,838</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>P 1,058,690,775</b></u>	<u><b>P 998,145,903</b></u>

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC**  
**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
For The Six Months Ended June 30, 2022 and 2021

	Notes	January - June		April - June	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
REVENUES	4,14	P 42,203,914	P -	P 34,046,236	P -
COST OF SALES AND SERVICES	4,16	(73,419,261)	-	(55,094,683)	-
GROSS PROFIT (LOSS)		(31,215,347)	-	(21,048,447)	-
OTHER INCOME	4,15	1,596,380	10,612	1,085,697	6,904
GROSS INCOME (LOSS)		(29,618,967)	10,612	(19,962,750)	6,904
OPERATING EXPENSES	4,17	(33,752,414)	(2,143,326)	(23,589,080)	(1,685,252)
LOSS BEFORE TAX		(63,371,381)	(2,132,714)	(43,551,830)	(1,678,348)
INCOME TAX BENEFIT	4,19	(15,869,840)	(533,848)	(10,916,455)	(419,330)
LOSS FOR THE PERIOD		(47,501,541)	(1,598,866)	(32,635,375)	(1,259,018)
COMPREHENSIVE INCOME (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE LOSS		<u>P (47,501,541)</u>	<u>P (1,598,866)</u>	<u>P (32,635,375)</u>	<u>P (1,259,018)</u>

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
For The Six Months Ended June 30, 2022 and 2021

	Notes	June 30	
		2022 (Unaudited)	2021 (Unaudited)
<b>SHARE CAPITAL</b>	4,13		
Balance, beginning of the year		<b>P 206,800,000</b>	P 120,000,000
Issuance of shares		<u>3,730,000</u>	<u>54,490,000</u>
Balance, end of the year		<u>210,530,000</u>	<u>174,490,000</u>
<b>SHARE PREMIUM</b>	4,13		
Balance, beginning of the year		<b>39,200,000</b>	-
Issuance of shares		<u>54,179,819</u>	<u>6,860,000</u>
Balance, end of the year		<u>93,379,819</u>	<u>6,860,000</u>
<b>ACCUMULATED DEFICITS</b>	4		
Balance, beginning of the year		<b>(27,760,162)</b>	(5,451,776)
Loss for the period		<u>(47,501,541)</u>	<u>(1,598,866)</u>
Balance, end of the year		<u>(75,261,703)</u>	<u>(7,050,642)</u>
<b>EQUITY, net</b>		<b><u>P 228,648,116</u></b>	<b><u>P 174,299,358</u></b>

*(See accompanying Notes to Financial Statements)*

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

**STATEMENTS OF CASH FLOWS**

For The Six Months Ended June 30, 2022 and 2021

	Notes	June 30	
		2022 (Unaudited)	2021 (Unaudited)
<b>CASH FLOWS FROM PRE OPERATING ACTIVITIES</b>			
Loss for the period		<b>P (63,371,381)</b>	<b>P (2,132,714)</b>
Adjustment to reconcile net loss to net cash provided by operating activities:			
Interest income	4,15	(107,981)	10,612
Depreciation	4,10,16,17	10,050,077	23,744
<b>Operating loss before changes in working capital</b>		<b>(53,429,285)</b>	<b>(2,098,358)</b>
<b>Changes in operating assets and liabilities:</b>			
Decrease (increase) in:			
Trade and other receivables	4,5,7	(4,496,685)	3,729,431
Advances to contractors and suppliers		-	(1,859,914)
Inventories	4,8	(3,443,887)	-
Prepayments and other current assets	4,9	84,482	(1,700)
Increase (decrease) in:			
Payables	4,11	11,921,928	20,673,345
<b>Cash generated from operation</b>		<b>(49,363,447)</b>	<b>20,442,804</b>
Interest received	4,15	107,981	(10,612)
<b>Net cash provided by operating activities</b>		<b>(49,255,466)</b>	<b>20,432,192</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	4,5,10	(55,877,140)	(170,327,391)
Interest income received	4,6,10	6,969	33,588
Interest expense paid	4,10,12	(12,549,035)	(8,200,681)
<b>Net cash used in investing activities</b>		<b>(68,419,206)</b>	<b>(178,494,484)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan	4,12	-	70,000,000
Proceeds from issuance of shares	4,13	57,909,819	7,350,000
(Payments) Proceeds from advances from related	4,20	(17,067,355)	28,557,693
<b>Net cash provided by financing activities</b>		<b>40,842,464</b>	<b>105,907,693</b>
<b>NET DECREASE IN CASH</b>		<b>(76,832,208)</b>	<b>(52,154,599)</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>102,299,385</b>	<b>125,900,172</b>
<b>CASH AT THE END OF THE YEAR</b>		<b>P 25,467,177</b>	<b>P 73,745,573</b>

(See accompanying Notes to Financial Statements)



**ALLIED CARE EXPERTS (ACE)  
MEDICAL CENTER-PALAWAN, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022, December 31, 2021 and June 30, 2021**

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**NOTE 1 - GENERAL INFORMATION**

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on January 20, 2017 under Registration No. CS201702182.

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 clinic, condo-hospital, scientific research institutions and other allied undertakings 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 may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On March 29, 2021, the SEC En Banc under SEC MSR Order No. 14 Series of 2021 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for thirty six thousand (36,000) common shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from 150,000.00 per block up to a maximum offer price of P600,000.00 per block with an aggregate principal amount of Nine Hundred Ninety-Nine Million Nine Hundred Thousand Pesos (P999,900,000.00); six hundred (600) founders shares – not included in the offer; and two hundred three thousand four hundred (203,400) common shares – not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulations Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located at Jomari Bldg., B. 2<sup>nd</sup> Flr, Malvar St., Puerto Prinsesa City, Palawan. Currently, the Company is occupying a temporary office in the site where the hospital building is being constructed. Once the construction of the hospital and facilities is completed, the office will be transferred in the main building of the hospital and any amendment necessary in the Company's Articles of Incorporation will be made.

***Status of Operation***

In the last quarter of 2021, the Company accepted outpatient on limited capacity and in first quarter of 2022, the Company opened the Pharmacy and Laboratory.

In second quarter of 2022, The Company has launched partial operations of its hospital building and facilities. The construction of its multidisciplinary medical facility was completed in the second quarter of 2022.

**NOTE 2 - BASIS OF PRESENTATION**

***Statement of Compliance***

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

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements as of and for the year ended December 31, 2021.

### ***Basis of Measurement***

The unaudited interim financial statements have been prepared on historical cost basis, unless stated otherwise.

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

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

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

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

### **NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

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

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

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be



recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.
  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.
  - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

#### **New and Amended PFRS Issued But Not Yet Effective**

Relevant new and revised PFRS which are not yet effective for the six months ended June 30, 2022 and have not been applied in preparing the unaudited interim financial statements are summarized below.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and

clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

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

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69,



Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

#### **NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **Financial Instruments**

###### ***Initial recognition and measurement***

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

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

###### ***Classification***

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

###### ***Financial Assets and Liabilities at FVPL***

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

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

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

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

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

As at June 30, 2022 and December 31, 2021, 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 June 30, 2022 and December 31, 2021, the Company's cash and 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 June 30, 2022 and December 31, 2021, 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 June 30, 2022 and December 31, 2021, the Company's payables (except government statutory payables), advances from related parties, and loans payable accounts are classified under this category. (Note 11, 20 and 12)

#### **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 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 at the reporting date with the risk of a default occurring on the financial instrument as at 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 includes medical supplies and janitorial supplies. These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its useful 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 and other current asset represent advance payments of Company expenses and prepaid taxes and licenses applicable in subsequent period. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

#### **Property and Equipment**

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

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

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.

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.

#### **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.

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 revenue***

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

### ***Sale of drugs and medicines***

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

### ***Other income***

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

### ***Finance income***

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

### ***Expenses***

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

### ***Cost of sales and services***

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

### ***General and administrative expense***

General & administrative expenses represent expenses such as employees' compensation and other benefits, professional fees, taxes and licenses, office supplies, outside services, meetings and conferences, depreciation, transportation and travel, communication, light and water, representation, repairs and maintenance, advertising and promotions, fines and penalties, rental and other costs attributable to administrative, marketing 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 is newly established one and none of the employees qualifies for the five years employment under RA 7641.

## **Related Parties**

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

## **Provisions and contingencies**

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

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



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

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

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

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

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior period(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:

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable

and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As of June 30, 2022 and December 31, 2021, management believes that there are no expected credit losses in relation to their financial assets, accordingly, no loss allowance was recognized for the year. Details about the ECL on the Company's financial assets are disclosed in Note 21.

#### ***Assessment of Impairment of Nonfinancial Assets***

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

No impairment loss was recognized in the Company's financial statements in either 2022 or 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:

#### ***Estimating useful lives of property and equipment***

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

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

<u>Particulars</u>	<u>Useful Lives</u>
Hospital Building	50 years
Office, Furniture and Equipment	3 - 5 years
Medical Equipment	5-10 years
Transportation Equipment	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 assets to be utilized. Management assessed that the deferred tax assets recognized as at June 30, 2022 will be fully utilized in the coming years. The carrying value of deferred tax assets as of the reporting dates is disclosed in Note 19.

**NOTE 6 - CASH**

This account consists of:

	<b>30-Jun-22</b> <b>(Unaudited)</b>	<b>31-Dec-21</b> <b>(Audited)</b>
Cash on hand	<b>P 63,000</b>	<b>P 5,000</b>
Cash in banks	<b>25,404,177</b>	<b>102,294,385</b>
	<b><u>P 25,467,177</u></b>	<b><u>P 102,299,385</u></b>

Cash in bank generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to P114,950, P66,610 and P44,200 for the for the six months ended June 30, 2022, year ended December 31, 2021, and six months ended June 30, 2021, respectively, and are presented as follows:

	<b>30-Jun-22</b> <b>(Unaudited)</b>	<b>31-Dec-21</b> <b>(Audited)</b>	<b>30-Jun-21</b> <b>(Unaudited)</b>
Interest income (Note 15)	<b>P 107,981</b>	<b>P 23,163</b>	<b>P 10,612</b>
Construction in progress – Reduction on capitalized borrowing cost (Note 10)	<b>6,969</b>	<b>43,447</b>	<b>33,588</b>
	<b><u>P 114,950</u></b>	<b><u>P 66,610</u></b>	<b><u>P 44,200</u></b>

**NOTE 7 - TRADE AND OTHER RECEIVABLES**

This account consists of:

	<b>30-Jun-22</b> <b>(Unaudited)</b>	<b>31-Dec-21</b> <b>(Audited)</b>
Trade receivables	<b>P 4,483,480</b>	<b>P -</b>
Advances to officers and employees	<b>66,205</b>	<b>53,000</b>
	<b><u>P 4,549,685</u></b>	<b><u>P 53,000</u></b>

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

Advances to officers and employees comprise of outstanding cash advances for corporate activities. These advances are made for specific project or expenses. These are liquidated within 30 days from release or upon actual payment of expenses whichever comes first.

As of June 30, 2022 and December 31, 2021, management believes that there are no expected credit losses in relation to their financial assets, accordingly, no loss allowance was recognized for the year. Details about the ECL on the Company's financial assets are disclosed in Note 21.

**NOTE 8 - INVENTORIES**

This account pertains to medical supplies and drugs and medicines. This amounts to P5,434,835 and P1,990,948 as at June 30, 2022 and December 31, 2021, respectively.

The Company recognized as expense, inventories costing P12,112,091, P1,061,785 and P-nil- for the for the six months ended June 30, 2022, year ended December 31, 2021, and six months ended June 30, 2021, respectively. (Note 16)

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

**NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS**

This account consists of:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)
Prepaid expenses	P 605,000	P 605,000
Prepaid taxes and licenses	-	84,482
	<u>P 605,000</u>	<u>P 689,482</u>

Prepaid expenses are Company expenses paid in advance and applicable in succeeding period.

Prepaid taxes and licenses pertain to real property tax applicable in succeeding period.

**NOTE 10 - PROPERTY AND EQUIPMENT – net**

A reconciliation of the carrying amounts at the beginning and end of June 30, 2022 and December 31, 2021 of property and equipment is shown below:

June 30, 2022 (Unaudited)	Land	Construcion in Progress	Hospital Building	Transportation Equipment	Subtotal
<b>Costs</b>					
January 1, 2022	50,273,850	734,597,972	-	2,002,470	786,874,292
Additions	-	76,151,616	-	-	76,151,616
Disposal	-	-	-	-	-
Reclassification	-	(810,749,588)	810,749,588	-	-
June 30, 2022	<u>50,273,850</u>	<u>-</u>	<u>810,749,588</u>	<u>2,002,470</u>	<u>863,025,908</u>
<b>Accumulated depreciation</b>					
January 1, 2022	-	-	-	66,605	66,605
Depreciation	-	-	4,053,748	100,340	4,154,088
Disposal	-	-	-	-	-
June 30, 2022	<u>-</u>	<u>-</u>	<u>4,053,748</u>	<u>166,945</u>	<u>4,220,693</u>
Carrying amount					
June 30, 2022	<u>50,273,850</u>	<u>-</u>	<u>806,695,840</u>	<u>1,835,525</u>	<u>858,805,215</u>



	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
<b>Costs</b>					
January 1, 2022	786,874,292	88,212,815	13,060,487	268,940	888,416,534
Additions	76,151,616	43,943,161	3,393,394	213,056	123,701,227
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
June 30, 2022	<u>863,025,908</u>	<u>132,155,976</u>	<u>16,453,881</u>	<u>481,996</u>	<u>1,012,117,761</u>
<b>Accumulated depreciation</b>					
January 1, 2022	66,605	3,048,524	713,875	13,276	3,842,280
Depreciation	4,154,088	4,663,461	1,205,634	26,894	10,050,077
Disposal	-	-	-	-	-
June 30, 2022	<u>4,220,693</u>	<u>7,711,985</u>	<u>1,919,509</u>	<u>40,170</u>	<u>13,892,357</u>
Carrying amount					
June 30, 2022	<u>858,805,215</u>	<u>124,443,991</u>	<u>14,534,372</u>	<u>441,826</u>	<u>998,225,404</u>

December 31, 2021 (Audited)

	Land	Construction in Progress	Transportation Equipment	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
<b>Costs</b>							
January 31, 2021	P 50,273,850	P 447,057,330	P -	P -	P 491,772	P -	P 497,822,952
Additions		287,540,642	2,002,470	88,212,815	12,568,715	268,940	390,593,582
Disposal							
December 31, 2021	<u>50,273,850</u>	<u>734,597,972</u>	<u>2,002,470</u>	<u>88,212,815</u>	<u>13,060,487</u>	<u>268,940</u>	<u>888,416,534</u>
<b>Accumulated depreciation</b>							
January 31, 2021	-	-	-	-	93,863	-	93,863
Depreciation	-	-	66,605	3,048,524	620,012	13,276	3,748,417
Disposal	-	-	-	-	-	-	-
December 31, 2021	<u>-</u>	<u>-</u>	<u>66,605</u>	<u>3,048,524</u>	<u>713,875</u>	<u>13,276</u>	<u>3,842,280</u>
<b>Carrying amount</b>							
December 31, 2021	<u>P 50,273,850</u>	<u>P 734,597,972</u>	<u>P 1,935,865</u>	<u>P 85,164,291</u>	<u>P 12,346,612</u>	<u>P 255,664</u>	<u>P 884,574,254</u>

Depreciation expenses amounted to P10,050,077 for the six months ended June 30, 2022, P3,748,417 for the year ended December 31, 2021 and P23,744 for the six months ended June 30, 2021. These are presented in the statements of comprehensive income (loss) as follows:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)	30-Jun-21 (Unaudited)
Cost of sales and services	<b>P 9,028,438</b>	<b>P 3,115,129</b>	<b>P -</b>
General and administrative expenses	<b>1,021,639</b>	<b>633,288</b>	<b>23,744</b>
Total	<b><u>P 10,050,077</u></b>	<b><u>P 3,748,417</u></b>	<b><u>P 23,744</u></b>

The Company bought six (6) parcels of land with a total lot area of 7,051 sq. m. this is situated in Tiniguiban, Puerto Princesa, City of Palawan. These properties were used as a site for the construction of hospital building. The land together with all the buildings and improvements were used as collateral in the Company's bank loan. The carrying value of the land and the buildings and improvements used as collateral for the loan amounted to P856,969,690 and P784,871,822 as at June 30, 2022 and December 31, 2021. (Note 12)

The Company entered into a construction agreement for the construction of multidisciplinary special medical facility (hospital). This was completed by the 2nd quarter of 2022. This is

currently presented under Construction in Progress and will be reclassified to proper account upon completion.

Construction in progress pertains to accumulated cost in the construction of hospital project. This includes materials, labors and other costs included in the contract. Construction in-progress is not depreciated until such time the relevant assets are completed and become available for operational use.

In second quarter of 2022, the Company launched partial operations of its hospital building and facilities. The amount of Construction-in-progress was reclassified to Hospital Building Account. Details in movement of construction in progress is as follows:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)
Balance at beginning of period	P 734,597,972	P 447,057,330
Add: Construction and related costs incurred for the period	<u>66,090,242</u>	<u>256,461,272</u>
	<u>800,688,214</u>	<u>703,518,602</u>
Capitalized borrowing cost	<u>P 10,061,374</u>	<u>P 31,079,370</u>
	810,749,588	734,597,972
Reclassification to Hospital Building	<u>(810,749,588)</u>	<u>-</u>
	<u>P -</u>	<u>P 734,597,972</u>

Capitalized borrowing cost were reduced by the interest income earned from bank deposit where the proceeds from the loan is deposited. This amounted to P6,969 and P43,447 for the six months ended June 30, 2022 and year ended December 31, 2021, respectively.

As of June 30, 2022 and December 31, 2021, unpaid billings from contractors and suppliers including retention payable amounted to P158,952,489 and P91,128,402, respectively. (Note 11)

#### NOTE 11 - PAYABLES

This account consists of:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)
Accounts payable	P 131,298,410	P 61,254,230
Retention payable	27,654,079	29,874,172
Accrued interest payable	5,043,763	7,517,486
Accrued expenses	2,174,537	789,793
Government statutory payable	<u>1,140,887</u>	<u>672,046</u>
	<u>P 167,311,676</u>	<u>P 100,107,727</u>

Accounts payable pertains to unpaid billings on the ongoing construction of hospital building and purchases of medical equipment.

Retention payable pertains to the amount retain by the Company from the contractor's progress billing as provided in the construction contract, this is payable upon completion of the project and acceptance of the Company of the workmanship of the contractor.

Accrued interest payable represents accrued interests on bank loans and interest-bearing advances from shareholders.

Accrued expenses represents accrual of communication, light and water, professional fees, security services, housekeeping and employee benefits.

Government statutory payable pertains to SSS, PHIC and HDMF contribution payable and withholding taxes payable.

#### NOTE 12 - LOANS PAYABLE

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

	<u>30-Jun-22</u> (Unaudited)	<u>31-Dec-21</u> (Audited)
Current	P 18,750,000	P 18,750,000
Non-current	606,250,000	606,250,000
Total	<u>P 625,000,000</u>	<u>P 625,000,000</u>

#### Development Bank of the Philippines

The Company entered into a Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of P625M which was fully released in 2021.

The loan is payable in twelve (12) years inclusive of a two (2) - year grace period on the principal repayment. The principal is payable in forty (40) quarterly amortizations commencing at the end of the ninth (9<sup>th</sup>) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release ranging from 5% to 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1<sup>st</sup> quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the construction of an eight (8)- storey Level 2 hospital building with basement parking areas located at National Highway, San Pedro, Puerto Princesa, Palawan, with one hundred twenty (120) – bed capacity. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. 074-2019000871 to 074-2019000876 registered under the name of Allied Care Experts (ACE) Medical Center-Palawan, Inc. The carrying value of the land and the buildings and improvements used as collateral for the loan amounted to P856,969,690 and P784,871,822 as at June 30, 2022 and December 31, 2021. (Note 10)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 to start after one (1) full year of commercial operations and at any time thereafter during the term of the loan, not permit the current ratio to be less than 1:1 at any time to start after one (1) full year of commercial operations, not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time to start after one (1) full year of commercial operations, incurrence of additional long-term indebtedness or guarantees and creation of property encumbrances. As at June 30, 2022, the Company is in compliance with the terms of its loan agreement.



Movement of loans payable is as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	P 625,000,000	P 425,000,000
Proceeds	-	200,000,000
Payments	-	-
Ending balance	<u>P 625,000,000</u>	<u>P 625,000,000</u>

Total interest capitalized from this loan amounted to P 10,061,947 and P29,590,155 as at June 30, 2022 and December 31, 2021, respectively. (Note 10)

The Company were granted deferred payment of one (1) quarter interest in 2020 under the "Bayanihan to Recovery As One Act", interest from May 4, 2020 to August 4, 2020 were deferred and is payable in 45 equal quarterly installments starting on January 3, 2021.

#### NOTE 13 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as at June 30, 2022, December 31, 2021 and June 30, 2021 are as follows:

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)		June 30, 2021 (Unaudited)	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - P1,000 par value	P239,400,000	239,400	P239,400,000	239,400	P239,400,000	239,400
Founder's shares - P1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>
Subscribed						
Common shares - P1,000 par value	209,930,000	209,930	206,200,000	206,200	203,890,000	203,890
Founder's shares - P1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>210,530,000</u>	<u>210,530</u>	<u>206,800,000</u>	<u>206,800</u>	<u>204,490,000</u>	<u>204,490</u>
Less: Subscription receivable						
Common shares - P1,000 par value	-	-	-	-	-	-
<b>Issued and outstanding</b>	<u>P210,530,000</u>	<u>210,530</u>	<u>P206,800,000</u>	<u>206,800</u>	<u>P204,490,000</u>	<u>204,490</u>

A reconciliation of the outstanding shares at the beginning and end of June 30, 2022, December 31, 2021 and June 30, 2021 are shown below:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)	30-Jun-21 (Unaudited)
Outstanding, beginning	206,800	120,000	120,000
Issuance	3,730	86,800	84,490
Reacquisition	-	-	-
Outstanding, ending	<u>210,530</u>	<u>206,800</u>	<u>204,490</u>

Founders' shares have the exclusive right to vote and be voted for the election of Directors for five (5) years from the date of registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares.

On March 15, 2019, Securities and Exchange Commission (SEC) approved the increase of the Company's authorized capital stock from One Hundred Twenty Million Pesos (P120,000,000.00) divided into One Hundred Nineteen Thousand Four Hundred (119,400) Common shares and Six Hundred (600) Founder shares, both with a par value of One Thousand Pesos (P1,000.00) per share to Two Hundred Forty Million Pesos (P240,000,000.00) divided into Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares and Six Hundred (600) Founders' shares, both with the par value of One Thousand Pesos (P1,000.00) per share.

As at June 30, 2021, subsequent to the issuance of the Company's permit to sell securities on March 29, 2021, the Company issued through public offering **Four Hundred Ninety (490)** common shares. The related share premium arising from this sale, amounted to P6,860,000 at a price of P150,000 per block of ten (10) shares. Total share premium paid as at June 30, 2021 amounted to P6,860,000.

As at December 31, 2021, subsequent to the issuance of the Company's permit to sell securities on March 29, 2021, the Company issued through public offering Two Thousand Eight Hundred (2,800) common shares. The related share premium arising from this sale, amounted to P39,200,000 at a price of P150,000 per block of ten (10) shares. Total share premium received as at December 31, 2021 amounted to P39,200,000.

As at June 30, 2022, the Company issued through public offering additional Three Thousand Seven Hundred Thirty (3,730) common shares. The related share premium arising from this sale, amounted to P69,110,000. Total share premium paid as at June 30, 2022 amounted to P93,379,819.

As at June 30, 2022, the Company has fifty-three (53) shareholders owning one hundred (100) and more shares of the Company's capital stock.

#### NOTE 14 - REVENUES

Details of the Company's revenue are as follows:

	January - June		April - June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Hospital revenue	P 35,034,666	P -	P 28,046,233	P -
Sale of drugs and medicines	7,169,248	-	6,000,002	-
	<u>P 42,203,914</u>	<u>P -</u>	<u>P 34,046,235</u>	<u>P -</u>

#### NOTE 15 - OTHER INCOME

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

	January - June		April - June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Maintenance fees	P 1,184,999	P -	P 736,900	P -
Interest income	107,981	10,612	105,397	-
Rental income	60,000	-	-	-
Other income	243,400	-	243,400	-
	<u>P 1,596,380</u>	<u>P 10,612</u>	<u>P 1,085,697</u>	<u>P -</u>

**NOTE 16 - COST OF SALES AND SERVICES**

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

	January to June		April to June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Employees' compensation and other benefits	P 32,684,341	P -	P 30,408,347	P -
Professional fees	16,356,111	-	9,120,390	-
Medical supplies (Note 8)	10,356,657	-	5,641,347	-
Depreciation	9,028,438	-	6,646,538	-
Communication, light and water	1,824,802	-	1,824,802	-
Drugs and medicines (Note 8)	1,755,434	-	57,371	-
Outside services	1,109,003	-	1,109,003	-
Dietary	304,475	-	286,885	-
	<u>P 73,419,261</u>	<u>P -</u>	<u>P 55,094,683</u>	<u>P -</u>

**NOTE 17 - OPERATING EXPENSES**

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

	January to June		April to June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Directors' allowances and officers' compensation	P 18,000,000	P -	P 18,000,000	P -
Employees compensation and other benefits (Note 18)	6,578,984	486,369	1,823,080	310,576
Communication, light and water	1,827,167	29,642	456,201	11,610
Advertising and promotions	1,641,918	401,100	797,064	401,100
Office supplies	1,570,301	109,839	829,614	47,310
Outside services	1,352,882	404,280	277,251	404,280
Depreciation (Note 10)	1,021,639	23,744	405,375	11,872
Transportation and travel	455,983	46,230	267,600	35,849
Meetings and conferences	349,827	68,706	151,750	68,706
Professional fees	321,133	396,630	321,133	325,830
Taxes and licenses	175,290	138,257	40,526	24,900
Representation	160,984	7,934	70,812	7,934
Rentals	89,200	-	51,200	-
Membership fees	28,848	-	-	-
Repairs and maintenance	19,000	4,820	13,000	1,290
Bank charges	100	-	-	-
Miscellaneous	159,158	25,775	84,474	6,995
	<u>P 33,752,414</u>	<u>P 2,143,326</u>	<u>P 23,589,080</u>	<u>P 1,685,252</u>

**NOTE 18 - EMPLOYEE'S COMPENSATION AND OTHER BENEFITS**

Details of the Company's employee's compensation and other benefits presented under cost of sales and services and general and administrative expenses in the statements of comprehensive income (loss) are as follows:



	30-Jun-22 (Unaudited)	30-Jun-21 (Unaudited)
Salaries, wages and bonuses	P 36,494,031	P 471,393
SSS, PHIC, and HDMF contributions	2,769,294	14,976
	<u>P 39,263,325</u>	<u>P 486,369</u>

#### NOTE 19 - INCOME TAXES

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax from 30% to 25% starting July 1, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.

The application of the lower RCIT rate of 25% starting July 1, 2020 has no effect on the current income tax of the Company as presented in its 2020 annual income tax return and the amount presented in its 2020 financial statements since Company has no taxable income under RCIT and has no gross income under MCIT in 2021 and 2020.

The recognized net deferred tax assets as of December 31, 2020 were remeasured to 25% in the current period. This resulted in a decline in the recognized net deferred tax assets in 2020 by P296,982. The amount was charged to December 31, 2021 income tax expense.

Income tax benefit for the six months ended June 30 consists of:

	January – June		April – June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Current	P -	P -	P -	P -
Deferred	(15,869,840)	(533,848)	(10,916,455)	(419,329)
	<u>P (15,869,840)</u>	<u>P (533,848)</u>	<u>P (10,916,455)</u>	<u>P (419,329)</u>

Reconciliation between statutory tax and effective tax follows:

	January – June		April – June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Income tax at statutory rate	P (15,842,845)	P (533,179)	P (10,887,957)	P (419,587)
Tax effect of income subject to final tax	(26,995)	(2,653)	(26,349)	(1,726)
Tax effect of non-deductible representation expense	-	1,984	2,149	1,984
Effective income tax	<u>P (15,869,840)</u>	<u>P (533,848)</u>	<u>P (10,916,455)</u>	<u>P (419,329)</u>

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

	<u>January – June</u>		<u>April – June</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Loss before tax	<b>P (63,371,381)</b>	<b>P (2,132,714)</b>	<b>P (43,551,830)</b>	<b>P (1,678,348)</b>
Permanent differences:				
Interest income	(107,981)	(10,612)	(105,937)	(6,903)
Non-deductible representation	-	7,934	(8,595)	7,934
Taxable loss	<b>(63,479,362)</b>	<b>(2,135,392)</b>	<b>(43,665,822)</b>	<b>(1,677,317)</b>
Tax rate	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
	<b>(15,869,840)</b>	<b>(533,848)</b>	<b>(10,916,455)</b>	<b>(419,319)</b>
<b>Minimum Corporate Income</b>				
Taxable gross income	-	-	-	-
Tax rate	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>
	-	-	-	-

An analysis of DTA follows:

	<u>30-Jun-22</u>	<u>30-Jun-21</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
DTA arising from NOLCO	<b>P 24,408,674</b>	<b>P 2,315,740</b>

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 will expire in the years indicated below:

<u>Year Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance (NOLCO)</u>
2022	2025	P 63,479,362	P -	P -	P 63,479,362
2021	2026	29,000,945	-	-	29,000,945
2020	2025	1,171,178	-	-	1,171,178
2019	2022	3,983,216	-	-	3,983,216
		<u>P 97,634,701</u>	<u>P -</u>	<u>P -</u>	<u>P 97,634,701</u>

#### NOTE 20 - RELATED PARTY TRANSACTIONS

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

**June 30, 2022**

<u>(Unaudited)</u>		<u>Amount</u>	<u>Outstanding</u>	<u>Terms</u>	<u>Conditions</u>
<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>(current transaction)</u>	<u>balance</u>		
Shareholders	Advances	P -		Non-interest bearing; payable in cash or the Shareholders may	Unsecured

	Payment	(17,067,355)	₱ 37,730,983	apply them tom their unpaid subscription; no scheduled repayment terms	
December 31, 2021 (Audited)					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Shareholders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	Unsecured
	Conversion to equity	(84,000,000)	₱ 54,798,338		
<i>Receivable from ACEMC-Dagupan, Inc</i>					

The Company's purchased constructions materials which were not delivered due to shipping problems were diverted and delivered to ACEMC-Dagupan, Inc. These were subsequently charged to ACEMC-Dagupan. These are non-interest bearing, payable in cash and with no scheduled repayment terms. The balance was fully paid in 2021.

#### Cash Advances

The Company obtains cash advances from its founders to finance the Company's pre-operating expenses, other start up fund requirements and on-going construction of hospital building. These are payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from related parties account in the statements of financial position.

#### Key Management Personnel Compensations

Directors' allowances and officers' compensation for the six months ended June 30, 2022, year ended December 31, 2021 and six months ended June 30, 2021 amounted to ₱18,000,000, ₱nil and ₱nil, respectively.

#### NOTE 21 - 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 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 June 30, 2022 and December 31, 2021 based on contractual undiscounted payment.

	June 30, 2022 (Unaudited)			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 166,170,789	₱ -	₱ -	₱ 166,170,789
Loans payable	-	21,324,397	800,750,315	822,074,713
Advances from related parties	-	37,730,983	-	37,730,983
	<u>₱ 166,170,789</u>	<u>₱ 59,055,380</u>	<u>₱800,750,315</u>	<u>₱1,025,976,485</u>
	December 31, 2021 (Audited)			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 99,435,681	₱ -	₱ -	₱ 99,435,681
Loans payable	-	31,465,787	826,498,021	857,963,808
Advances from related parties	-	54,798,338	-	54,798,338
	<u>₱ 99,435,681</u>	<u>₱ 86,264,125</u>	<u>₱826,498,021</u>	<u>₱1,012,197,827</u>

\*Payables excludes government statutory payables amounting to ₱1,140,887 and ₱672,046 for June 30, 2022 and December 31, 2021, respectively.

### Market Risks

#### Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loan amounting to ₱625M as at June 30, 2022 and December 21, 2021, which are subject to interest rate repricing. (See Note 12)

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	
	30-Jun-22	31-Dec-21
+1%	P (6,250,000)	P (6,250,000)
-1%	6,250,000	6,250,000

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.

#### Credit Risk

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

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

The Company continuously monitors defaults of officers and contractors, 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 June 30, 2022 and December 31, 2021.

#### Credit Quality per Class of Financial Asset

		June 30, 2022 (Unaudited)					
		Neither Past Due nor Impaired					
		High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks Trade and receivables	other	P 25,404,177	P-	P-	P-	P-	P 25,404,177
		4,549,685	-	-	-	-	4,549,685
		P 29,953,862	P-	P-	P-	P-	P 29,953,862
		December 31, 2021 (Audited)					
		Neither Past Due nor Impaired					
		High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks Receivables		P 102,294,385	P-	P-	P-	P-	P 102,294,385
		53,000	-	-	-	-	53,000
		P 102,347,385	P-	P-	P-	P-	P 102,347,385





### Other Receivables

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

### 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.

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)
Total liabilities (a)	P 830,042,659	P 779,906,065
Total equity (b)	228,648,116	218,239,838
Debt-to-equity ratio (a/b)	3.63:1	3.57:1

### Fair Value Measurement

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at June 30, 2022 and December 31, 2021:

		June 30, 2022 (Unaudited)			
		Carrying Amount	Fair Value		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
<b>Assets for which fair values are disclosed:</b>					
Cash	6	P 25,467,177	P-	P 25,467,177	P-
Trade and other receivables	7	4,549,685	-	4,549,685	-
		<u>P 30,016,862</u>	<u>P-</u>	<u>P 30,016,862</u>	<u>P-</u>
<b>Liabilities for which fair values are disclosed:</b>					
<b>Financial liabilities at amortized cost:</b>					
Payables	11	P 166,170,789	P-	P 166,170,789	P-
Loans payable	12	625,000,000	-	625,000,000	-
Advances from related parties	20	37,730,983	-	37,730,983	-
		<u>P 828,901,772</u>	<u>P-</u>	<u>P 828,901,772</u>	<u>P-</u>
		December 31, 2021 (Audited)			
		Carrying Amount	Fair Value		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
<b>Assets for which fair values are disclosed:</b>					
Cash	6	P 102,299,385	P-	P 102,299,385	P-
Receivables	7	53,000	-	53,000	-
		<u>P 102,352,385</u>	<u>P-</u>	<u>P 102,352,385</u>	<u>P-</u>

		December 31, 2021 (Audited)			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	11	P 99,435,681	P-	P 99,435,681	P-
Loans payable	12	625,000,000	-	625,000,000	-
Advances from related parties	20	54,798,338	-	54,798,338	-
		<u>P 779,234,019</u>	<u>P-</u>	<u>P 779,234,019</u>	<u>P-</u>

\*Payables excludes government statutory payables amounting to P1,140,887 and P672,046 for June 30, 2022 and December 31, 2021, respectively.

The carrying amounts of cash, receivables, payables and advances from related parties approximate their fair values due to the short-term nature of these transactions.

#### NOTE 22 - OTHER MATTERS

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

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

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

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

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

The key assumptions concerning the future and other key sources of estimation used the preparation of the unaudited interim financial statements are consistent with those followed in preparation of the Company's annual financial statements as of and for the year ended December 31, 2021.

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

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

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

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

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

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

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**  
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE**  
**REVISED SRC RULE 68**  
**FINANCIAL SOUNDNESS INDICATORS**

*Current Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	P 36,056,697	P 105,032,815
Total current liabilities	223,792,659	173,656,065
Current ratio	<u>0.161:1</u>	<u>0.605:1</u>

*Quick Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liquid asset	P 30,016,862	P 102,352,385
Total current liabilities	223,792,659	173,656,065
Quick ratio	<u>0.134:1</u>	<u>0.589:1</u>

*Working Capital to Total Asset*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Working capital	P (187,735,962)	P (68,623,250)
Total liabilities	830,042,659	779,906,065
Working capital ratio	<u>-0.226:1</u>	<u>-0.088:1</u>

*Solvency Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Net income (loss) after tax + Depreciation	P (37,451,464)	P (18,559,969)
Total liabilities	830,042,659	779,906,065
Solvency ratio	<u>-0.045:1</u>	<u>-0.024:1</u>

*Debt-to-equity Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 830,042,659	P 779,906,065
Total equity	228,648,116	218,239,838
Debt-to-equity ratio	<u>3.63:1</u>	<u>3.574:1</u>



**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**  
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE**  
**REVISED SRC RULE 68**  
**FINANCIAL SOUNDNESS INDICATORS**

*Asset-to-equity Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total assets	<b>P 1,058,690,775</b>	<b>P 998,145,903</b>
Total equity	<b>228,648,116</b>	<b>218,239,838</b>
Asset to equity ratio	<b>4.63:1</b>	<b>4.574:1</b>

*Interest Rate Coverage Ratio*

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Pre-tax profit (loss) before interest	<b>P (63,371,381)</b>	<b>P (29,065,328)</b>
Interest	<b>10,068,343</b>	<b>31,090,155</b>
Interest rate ratio	<b>-6.294:1</b>	<b>-0.935:1</b>

*Profitability Ratios*

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Net profit (loss) after tax	<b>P (47,501,541)</b>	<b>P (1,598,866)</b>
Total equity	<b>228,648,116</b>	<b>174,299,358</b>
	<b>-0.208:1</b>	<b>-0.009:1</b>

*a.) Return on asset ratio*

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Net income (loss) after tax	<b>P (47,501,541)</b>	<b>P (1,598,866)</b>
Average assets	<b>1,028,418,339</b>	<b>670,089,128</b>
	<b>-0.046:1</b>	<b>-0.002:1</b>

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**  
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE**  
**REVISED SRC RULE 68**  
**FINANCIAL SOUNDNESS INDICATORS**

*b.) Return on equity ratio*

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Net profit (loss) after tax	<b>P (47,501,541)</b>	<b>P (1,598,866)</b>
Average equity	<b>201,473,737</b>	<b>141,663,412</b>
	<b>-0.236:1</b>	<b>-0.011:1</b>

*c.) Gross Profit Margin Ratio*

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Net profit (loss) before tax	<b>P (63,371,381)</b>	<b>P -</b>
Gross profit	<b>42,203,914</b>	<b>-</b>
	<b>-1.502:1</b>	<b>N/A</b>

*d.) Net Profit Margin*

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Net profit (loss) after tax	<b>P (47,501,541)</b>	<b>P (1,598,866)</b>
Revenue	<b>42,203,914</b>	<b>-</b>
	<b>-1.126:1</b>	<b>N/A</b>

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
As of June 30, 2022**

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.  
Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan**

<b>Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning of the year</b>		<u>(P27,760,162)</u>
<b>Add: Net income actually earned/realized during the period</b>		<u>(47,501,541)</u>
<b>Less: Non-actual/unrealized income net of tax</b>		
• Equity in net income of associate/joint venture	-	
• Unrealized foreign exchange gain - (after tax except those	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of Investment Property resulting to gain	-	
• Adjustment due to deviation from PFRS-gain	-	
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	<u>-</u>	
<b>Add: Non-actual losses</b>		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviation from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	<u>-</u>	
<b>Net income actually earned during the period</b>		<u>(47,501,541)</u>
<b>Add (Less):</b>		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury Shares	-	
Sub-total	<u>-</u>	
<b>TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION</b>		<u><u>P - nil -</u></u>