

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

**FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020**

and

Report of Independent Auditors

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

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

PEREZ, SESE, VILLA & CO., the independent auditor appointed by the has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

AMADO MANUEL C. ENRIQUEZ JR.
 Chairman of the Board

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EDITHA C. MIGUEL
 President

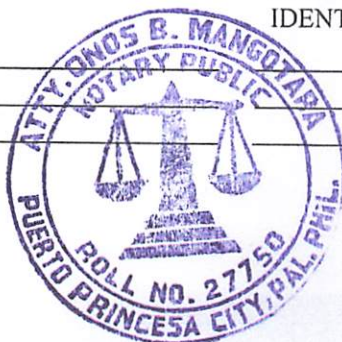
Lumen R. Palanca

LUMEN R. PALANCA
 Treasurer

Signed this September 1, 2023.

PUERTO PRINCESA CITY SUBSCRIBED AND SWORN to before me, a Notary Public for and in the Philippines, this **SEP 13 2023**, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE AND PLACE ISSUED
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ATTY. ONOS B. MANGOTARA
 Notary Public
 NPL No. 2022-005 Until Dec. 31, 2024
 PTM No. 2942860/01.03.23
 IBP No. 002047/12.01.21
 ATTORNEY'S ROLL 27750
 MCLE Compliance No. VII-0007106
 valid Until April 14, 2025

Doc. No. 118
 Page No. 25
 Book No. LIX
 Series of 20 23




**SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS**

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** for the year ended December 31, 2022, on which we have rendered the attached report dated September 01, 2023.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty-three (53) shareholders owning one hundred (100) or more shares of the Company's capital stock as of December 31, 2022, as disclosed in Note 16 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 0857608, Issued on January 6, 2023, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2021, issued on March 5, 2021,

valid for three (3) years until March 4, 2024

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on September 29, 2020 valid until October 12, 2023

Manila, Philippines
September 01, 2023




REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors
**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.**
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**, for the year ended December 31, 2022 and have issued our report thereon dated September 01, 2023.. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
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Manila, Philippines
September 01, 2023



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.
Jomari Building B, 2nd Floor Malvar St.,
Puerto Princesa City, Palawan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company), which comprise the statements of financial position as at December 31, 2022, 2021 and 2020, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 32 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 0857608, Issued on January 6, 2023, Manila City

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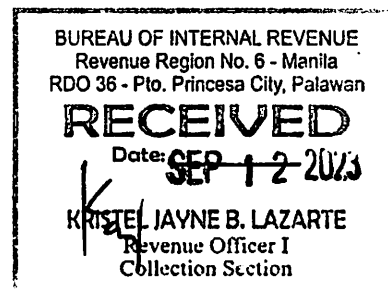
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Manila, Philippines
September 01, 2023



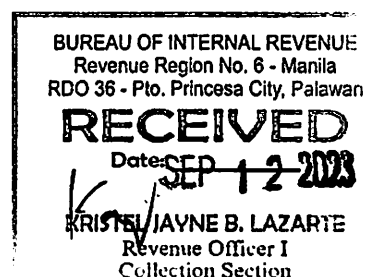
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022, 2021 and 2020

	<i>Notes</i>	2022	2021	2020
			<i>(As restated, Note 30)</i>	<i>(As restated, Note 30)</i>
<u>ASSETS</u>				
Current Assets				
Cash	<i>4,5,6</i>	P 10,440,293	P 102,299,385	P 125,900,172
Trade and other receivables	<i>4,5,7</i>	17,384,067	53,000	3,729,431
Inventories	<i>4,8</i>	20,014,234	1,990,948	-
Prepayments and other current assets	<i>4,9</i>	<u>3,274,862</u>	<u>689,482</u>	<u>559,288</u>
Total Current Assets		<u>51,113,456</u>	<u>105,032,815</u>	<u>130,188,891</u>
Non-current Assets				
Property and equipment	<i>4,5,11</i>	982,996,347	884,574,254	497,729,089
Advances to contractors and suppliers	<i>4,5,10</i>	-	-	1,105,278
Intangible asset	<i>4,5,12</i>	1,213,333	-	-
Deferred tax asset	<i>4,23</i>	<u>18,577,826</u>	<u>8,538,834</u>	<u>1,781,892</u>
Total Non-Current Assets		<u>1,002,787,506</u>	<u>893,113,088</u>	<u>500,616,259</u>
TOTAL ASSETS		<u>P 1,053,900,962</u>	<u>P 998,145,903</u>	<u>P 630,805,150</u>
<u>LIABILITIES AND EQUITY</u>				
Current Liabilities				
Trade and other payables	<i>4,13</i>	P 64,643,413	P 99,435,681	P 24,875,336
Loans payable - current	<i>4,15</i>	31,250,000	18,750,000	-
Other current liabilities	<i>4,14</i>	3,094,196	672,046	372,550
Advances from related parties	<i>4,22</i>	<u>10,280,483</u>	<u>54,798,338</u>	<u>66,009,040</u>
Total Current Liabilities		<u>109,268,092</u>	<u>173,656,065</u>	<u>91,256,926</u>
Non-Current Liabilities				
Loans payable - non current	<i>4,15</i>	<u>593,750,000</u>	<u>606,250,000</u>	<u>425,000,000</u>
Total Liabilities		<u>703,018,092</u>	<u>779,906,065</u>	<u>516,256,926</u>
Equity				
Share capital	<i>4,16</i>	218,600,000	206,800,000	120,000,000
Share premium	<i>4,16</i>	193,164,000	39,200,000	-
Accumulated deficits	<i>4</i>	<u>(60,881,130)</u>	<u>(27,760,162)</u>	<u>(5,451,776)</u>
Equity, net		<u>350,882,870</u>	<u>218,239,838</u>	<u>114,548,224</u>
TOTAL LIABILITIES AND EQUITY		<u>P 1,053,900,962</u>	<u>P 998,145,903</u>	<u>P 630,805,150</u>

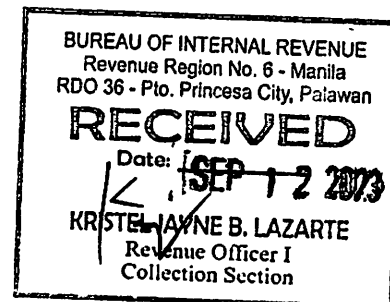
(See accompanying Notes to Financial Statements)



ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Years Ended December 31, 2022, 2021 and 2020

	<i>Notes</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES	4,17	P 183,890,792	P 3,937,282	P -
COST OF SALES AND SERVICES	4,18	<u>(155,179,858)</u>	<u>(15,050,297)</u>	<u>-</u>
GROSS PROFIT (LOSS)		28,710,934	(11,113,015)	-
OTHER INCOME	4,20	<u>1,024,653</u>	<u>63,163</u>	<u>14,892</u>
GROSS INCOME (LOSS)		29,735,587	(11,049,852)	14,892
OPERATING EXPENSES	4,19	(53,706,094)	(18,015,476)	(1,192,730)
FINANCE COST		<u>(18,893,308)</u>	-	-
LOSS BEFORE TAX		(42,863,815)	(29,065,328)	(1,177,838)
INCOME TAX BENEFIT	4,23			
Current		296,145	-	-
Deferred		<u>(10,038,992)</u>	<u>(6,756,942)</u>	<u>(351,353)</u>
		<u>(9,742,847)</u>	<u>(6,756,942)</u>	<u>(351,353)</u>
LOSS FOR THE YEAR		(33,120,968)	(22,308,386)	(826,485)
COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>P (33,120,968)</u>	<u>P (22,308,386)</u>	<u>P (826,485)</u>
BASIC EARNINGS (LOSS) PER SHARE	24	<u>P (151.51)</u>	<u>P (107.87)</u>	<u>P (6.89)</u>

(See accompanying Notes to Financial Statements)



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

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2022, 2021 and 2020

	<u>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
SHARE CAPITAL	4,16			
Balance, beginning of the year		P 206,800,000	P 120,000,000	P 120,000,000
Issuance of shares		<u>11,800,000</u>	<u>86,800,000</u>	<u>-</u>
Balance, end of the year		<u>218,600,000</u>	<u>206,800,000</u>	<u>120,000,000</u>
SHARE PREMIUM	4,16			
Balance, beginning of the year		P 39,200,000	P -	P -
Issuance of shares		<u>153,964,000</u>	<u>39,200,000</u>	<u>-</u>
Balance, end of the year		<u>193,164,000</u>	<u>39,200,000</u>	<u>-</u>
ACCUMULATED DEFICITS	4			
Balance, beginning of the year		(27,760,162)	(5,451,776)	(4,625,291)
Loss for the year		<u>(33,120,968)</u>	<u>(22,308,386)</u>	<u>(826,485)</u>
Balance, end of the year		<u>(60,881,130)</u>	<u>(27,760,162)</u>	<u>(5,451,776)</u>
EQUITY, net		<u>P 350,882,870</u>	<u>P 218,239,838</u>	<u>P 114,548,224</u>

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2022, 2021 and 2020

	<i>Notes</i>	<u>2022</u>	<u>2021</u> <i>(As restated, Note 30)</i>	<u>2020</u> <i>(As restated, Note 30)</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year		P (42,863,815)	P (29,065,328)	P (1,177,838)
Adjustment to reconcile net loss to net cash provided by operating activities:				
Interest income	4,20	(121,053)	(23,163)	(14,892)
Interest expense		18,893,308	-	-
Depreciation	4,10,21	23,822,272	3,748,417	41,374
Amortization		186,667	-	-
Operating income (loss) before changes in working capital		(82,621)	(25,340,074)	(1,151,356)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,5,7	(17,331,067)	3,676,431	(2,777,249)
Inventories	4,8	(18,023,286)	(1,990,948)	-
Prepayments and other current assets	4,9	(2,561,539)	(130,194)	84,180
Increase (decrease) in:				
Trade and other payables	4,13	(33,317,038)	(16,568,057)	(4,101,642)
Other current liabilities	4,14	2,422,150	299,496	(95,520)
Cash used in operation		(68,893,401)	(40,053,346)	(8,041,587)
Interest received	4,20	121,053	23,163	14,892
Income tax paid		(319,986)	-	-
Net cash used in operating activities		(69,092,334)	(40,030,183)	(8,026,695)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,11	(109,179,895)	(269,906,509)	(225,108,263)
Application of advance payment to contractors and suppliers	4,5,10	-	1,105,278	14,065,059
Intangible asset	4,12	(1,400,000)	-	-
Interest expense paid	4,11,15	(33,439,977)	(29,602,118)	(3,480,496)
Interest income received	4,6,11	6,969	43,447	46,856
Net cash used in investing activities		(144,012,903)	(298,359,902)	(214,476,844)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,15	165,764,000	42,000,000	-
Proceeds from loan	4,15	-	200,000,000	275,000,000
Payment of advances from related parties	4,22	(54,798,338)	-	-
Proceeds from advances from related part	4,22	10,280,483	72,789,298	13,229,809
Net cash provided by financing activities		121,246,145	314,789,298	288,229,809
NET INCREASE (DECREASE) IN CASH		(91,859,092)	(23,600,787)	65,726,270
CASH AT THE BEGINNING OF THE YEAR		102,299,385	125,900,172	60,173,902
CASH AT THE END OF THE YEAR		P 10,440,293	P 102,299,385	P 125,900,172

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER -
PALAWAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 and 2020**

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 licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On March 29, 2021, the SEC En Banc under SEC MSRD 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 ₱600,000.00 per block with an aggregate principal amount of Nine Hundred Ninety-Nine Million Nine Hundred Thousand Pesos (₱999,900,000.00); 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. 2nd 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

The Company commenced partial operation in the last quarter of 2021, in the first quarter of 2022 it has started serving patients in the pharmacy and laboratory department and in the second quarter of 2022 it started accepting inpatients.

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2022, including comparative figure for 2021 and 2020 were approved and authorized for issue by the Board of Directors on September 1, 2023.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

The 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.

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions resulting from COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

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

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendment permits a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent’s date of transition to PFRS.
 - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.
 - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

- Amendment to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removed the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, *Fair Value Measurement*.

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

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

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

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

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

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-

of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- **Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent*** – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.
- **Amendments to PAS 1, *Noncurrent Liabilities with Covenants*** – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.
- **IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the Real Estate Industry** – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

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

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

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

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

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

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

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

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

Deferred effectivity –

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

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS and PIC issuances is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at December 31, 2022, 2021 and 2020, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

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

As at December 31, 2022, 2021 and 2020, the Company's cash 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 December 31, 2022, 2021 and 2020, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2022, 2021 and 2020, the Company's trade and other payables, advances from related parties, and loans payable accounts are classified under this category. (Note 13, 22 and 15)

Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

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

Impairment of Financial Assets

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

For 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 and Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Inventories

Inventories 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.

Advances to Contractors and Suppliers

Advances to contractors and suppliers represents advance payment made to contractors for services rendered and suppliers for purchases of materials and equipment. This is initially measured at cost and subsequently apply on a pro-rate basis from the contractor's periodic progress billings or when the goods are delivered in case of purchases of materials and equipment.

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

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

Sale of drugs and medicines

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

Rental income

Rental revenue arising from operating leases on investment property is accounted for on a straight-line basis over the lease term. Any contingent rental revenue is recognized when it arises.

Other income

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

Finance income

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

Expenses

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

Cost of sales and services

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

Operating expense

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses such as director's allowance, employees' compensation and other benefits, transportation and travel, meetings and conferences, advertising and promotions, professional fees, taxes and licenses, office supplies, communication light and water, fines and penalties, repairs and maintenance, bank charges, insurance, representation, interest expense, miscellaneous and other expenses attributable to administrative and other business activities of the Company.

Borrowing cost

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

Interest 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.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after give retroactive effect to any bonus issued/declared during the year, if any.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

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 expenses 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.

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased items are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

Provisions and Contingencies

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

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

Changes in Accounting Policies, Change in Accounting Estimates and Correction of Prior Period Errors

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

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

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

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

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

Subsequent Events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgment

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

Determination of ECL on Financial Assets

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Details about the ECL on the Company's financial assets are disclosed in Note 26.

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 on nonfinancial assets was recognized in the Company's financial statements in either 2022, 2021 or 2020.

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>
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 December 31, 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 23.

NOTE 6 - CASH

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash on hand	₱ 50,000	₱ 5,000	₱ 5,000
Cash in banks	10,390,293	102,294,385	125,895,172
	<u>₱ 10,440,293</u>	<u>₱ 102,299,385</u>	<u>₱ 125,900,172</u>

Cash in bank are unrestricted and available for the Company's operations. This generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱128,022, ₱66,610 and ₱61,748 for the years 2022, 2021 and 2020, respectively, and is presented as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Interest income (Note 20)	₱ 121,053	₱ 23,163	₱ 14,892
Construction in progress – Reduction on capitalized borrowing cost (Note 11)	6,969	43,447	46,856
	<u>₱ 128,022</u>	<u>₱ 66,610</u>	<u>₱ 61,748</u>

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Trade receivables	₱ 17,469,520	₱ -	₱ -
Advances to employees	1,204,249	53,000	-
Receivables from related party	-	-	3,729,431
Others	220,000	-	-
	18,893,769	53,000	3,729,431
Allowance for credit losses	(1,509,702)	-	-
	<u>₱ 17,384,067</u>	<u>₱ 53,000</u>	<u>₱ 3,729,431</u>

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

Advances to employees pertain to advances to employees that are collectible thru salary deduction.

Receivable from related party pertains to non-interest-bearing receivables from Allied Care Experts (ACE) Medical Center – Dagupan for the construction materials initially paid by the Company. (Note 22).

Receivables others pertain to receivables from rental of space for research office and hospital cafeteria.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2022, 2021 and 2020 is shown below:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	P -	P -	P -
Credit losses (Note 26)	1,509,702	-	-
Recovery of allowance	-	-	-
Balance, December 31	<u>P 1,509,702</u>	<u>P -</u>	<u>P -</u>

NOTE 8 - INVENTORIES

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Pharmacy supplies	P 10,713,234	P 1,923,742	P -
Laboratory supplies	6,109,379	-	-
Hospital supplies	2,914,872	67,206	-
Dietary supplies	276,749	-	-
	<u>P 20,014,234</u>	<u>P 1,990,948</u>	<u>P -</u>

Pharmacy, laboratory and hospital supplies pertain to medicines and medical supplies administered/used to patients.

The Company recognized as expense, inventories costing P24,330,543 and P1,227,820 in 2022 and 2021, respectively (Note 18).

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

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Prepaid supplies	P 2,250,600	P -	P -
Prepaid expenses	1,000,421	689,482	559,288
Prepaid income tax (Note 23)	23,841	-	-
	<u>P 3,274,862</u>	<u>P 689,482</u>	<u>P 559,288</u>

Prepaid supplies consist of unused housekeeping supplies and linens which are expected to be consumed in the succeeding months.

Prepaid expenses represent advance payment of the Company's insurance, taxes and licenses and other expenses paid in advance which will be expensed in the next accounting period or within 12 months from reporting period.

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

NOTE 10 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account represents payment made to contractor and suppliers for purchases of materials and medical equipment. Based on the contracts with the building contractor, this payment shall be applied from every subsequent progress billings/payment to be made by the Company, by deducting from such progress billing an amount equivalent to ten percent (10%) of the actual cost of accomplishment as determined by the Company, such that, when the works are fully completed the down payment shall have been fully liquidated. This amounts to P-nil, P-nil and P1,105,278 in 2022, 2021 and 2020 respectively.

NOTE 11 - PROPERTY AND EQUIPMENT - net

A reconciliation of the carrying amounts at the beginning and end of year 2022, 2021 and 2020 of property and equipment is shown below:

2022

	Land	Construcion in Progress	Hospital Building	Transportation Equipment	Subtotal
Costs					
January 1, 2022	50,273,850	734,597,972	-	2,002,470	786,874,292
Additions	-	76,252,786	17,608,490	-	93,861,276
Disposal	-	-	-	-	-
Reclassification	-	(810,850,758)	810,850,758	-	-
December 31, 2022	50,273,850	-	828,459,248	2,002,470	880,735,568
Accumulated depreciation					
January 1, 2022	-	-	-	66,605	66,605
Depreciation	-	-	12,426,889	200,391	12,627,280
Disposal	-	-	-	-	-
December 31, 2022	-	-	12,426,889	266,996	12,693,885
Carrying amount					
December 31, 2022	50,273,850	-	816,032,359	1,735,474	868,041,683

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2022	786,874,292	88,212,815	13,060,487	268,940	888,416,534
Additions	93,861,276	24,834,374	2,537,961	1,010,754	122,244,365
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
December 31, 2022	<u>880,735,568</u>	<u>113,047,189</u>	<u>15,598,448</u>	<u>1,279,694</u>	<u>1,010,660,899</u>
Accumulated depreciation					
January 1, 2022	66,605	3,048,524	713,875	13,276	3,842,280
Depreciation	12,627,280	9,456,444	1,376,339	362,209	23,822,272
Disposal	-	-	-	-	-
December 31, 2022	<u>12,693,885</u>	<u>12,504,968</u>	<u>2,090,214</u>	<u>375,485</u>	<u>27,664,552</u>
Carrying amount					
December 31, 2022	<u>868,041,683</u>	<u>100,542,221</u>	<u>13,508,234</u>	<u>904,209</u>	<u>982,996,347</u>

2021

	Land	Construction in Progress	Transportation Equipment	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs							
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>
Accumulated depreciation							
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>
Carrying amount							
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>

2020

	Land	Construction in Progress	Office Furniture and Equipment	Total
Costs				
January 1, 2020	P 50,273,850	P 201,554,087	P 192,672	P 252,020,609
Additions	-	245,503,243	299,100	245,802,343
Disposals	-	-	-	-
December 31, 2020	<u>50,273,850</u>	<u>447,057,330</u>	<u>491,772</u>	<u>497,822,952</u>
Accumulated depreciation				
January 1, 2020	-	-	52,489	52,489
Additions	-	-	41,374	41,374
Disposals	-	-	-	-
December 31, 2020	<u>-</u>	<u>-</u>	<u>93,863</u>	<u>93,863</u>

Carrying Amount December 31, 2020	<u>₱50,273,850</u>	<u>₱447,057,330</u>	<u>₱ 397,909</u>	<u>₱497,729,089</u>
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Depreciation expenses amounted to ₱25,579,997 for the year 2022, ₱3,748,417 for the year 2021 and ₱41,374 for the year 2020. These are presented in the statements of comprehensive income (loss) as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cost of sales and services	₱ 19,397,955	₱ 3,115,129	₱ -
Operating expenses	<u>4,424,317</u>	<u>633,288</u>	<u>41,374</u>
Total	<u>₱ 23,822,272</u>	<u>₱ 3,748,417</u>	<u>₱ 41,374</u>

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 /construction-in-progress used as collateral for the loan amounted to ₱866,306,209, ₱784,871,822 and ₱497,331,180 as at December 31, 2022, 2021 and 2020, respectively (Note 15).

The Company entered into a construction agreement for the construction of multidisciplinary special medical facility (hospital). This is initially presented under Construction in Progress and will be reclassified to proper account upon completion. The construction was completed by the 2nd quarter of 2022.

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:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of period	₱ 734,597,972	₱ 447,057,330	₱ 201,554,087
Add: Construction and related costs incurred for the period	<u>63,188,316</u>	<u>256,461,272</u>	<u>232,477,654</u>
	<u>797,786,288</u>	<u>703,518,602</u>	<u>431,031,741</u>
Capitalized borrowing cost	13,064,470	31,079,370	13,025,589
Reclassification to Hospital Building	<u>(810,850,758)</u>	-	-
	<u>₱ -</u>	<u>₱ 734,597,972</u>	<u>₱ 447,057,330</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 ₱6,969, ₱43,447 and ₱46,856 for the year ended December 31, 2022, 2021 and 2020, respectively.

NOTE 12 - INTANGIBLE ASSET

This account pertains to the hospital information system used by the Company for its operation.

A reconciliation of the carrying amounts at the beginning and end of 2022 is shown below:

	<u>2022</u>
Cost	
Balance, beginning of the year	P -
Additions	1,400,000
Disposal	-
Balance, end of the year	<u>1,400,000</u>
Accumulated Amortization	
Balance, beginning of the year	-
Amortization	186,667
Disposal	-
Balance at end of year	<u>186,667</u>
Carrying amount	<u>P 1,213,333</u>

No impairment losses were recognized for the year 2022. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Trade payables	P 34,365,785	P 61,254,230	P -
Retention payable	23,120,328	29,874,172	17,260,440
Accrued interest payable	6,042,256	7,517,486	7,529,449
Accrued expenses	1,115,044	789,793	85,447
	<u>P 64,643,413</u>	<u>P 99,435,681</u>	<u>P 24,875,336</u>

Trade payable pertain to unpaid balance on the progress billings of contractors, unpaid purchases of medical/hospital equipment and supplies and doctors professional fee. These are non-interest bearing and has a term of 30 to 60 days.

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, allowances, security services, housekeeping and employee benefits.

NOTE 14 - OTHER CURRENT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Withholding taxes payable	P 2,134,084	P 400,350	P 369,490
SSS, PHIC and HDMF Payables	617,466	271,696	3,060
VAT payable	224,646	-	-
Documentary stamp tax payable	118,000	-	-
	<u>P 3,094,196</u>	<u>P 672,046</u>	<u>P 372,550</u>

NOTE 15 - LOANS PAYABLE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current	P 31,250,000	P 18,750,000	P -
Non-current	593,750,000	606,250,000	425,000,000
Total	<u>P 625,000,000</u>	<u>P 625,000,000</u>	<u>P 425,000,000</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 (9th) 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 1st 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 /construction-in-progress used as collateral for the loan amounted to P866,306,209, P784,871,822 and P497,331,180 as at December 31, 2022, 2021 and 2020, respectively. (Note 11).

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 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 December 31, 2022, the Company is in compliance with the terms of its loan agreement.

Movement of loans payable is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	P 625,000,000	P 425,000,000	P 425,000,000
Proceeds	-	200,000,000	-
Payments	-	-	-
Ending balance	<u>P 625,000,000</u>	<u>P 625,000,000</u>	<u>P 425,000,000</u>

Total interest and other loan related cost capitalized from these loans (net of interest income) amounted to P13,064,470, P31,079,370 and P13,025,589 in 2022, 2021 and 2020, respectively. (Note 12).

Total interest expense recognized in the statements of comprehensive income amounts to P18,893,308 in 2022 and P-nil- in 2021 and 2020.

The Company was 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 16 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as of December 31, 2022, 2021 and 2020 are as follows:

	<u>2022</u>		<u>2021</u>		<u>2020</u>	
	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	600,000	600	600,000	600	600,000	600
	<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	218,000,000	218,000	206,200,000	206,200	203,400,000	203,400
Founder's shares - P1,000 par value	600,000	600	600,000	600	600,000	600
	<u>218,600,000</u>	<u>218,600</u>	<u>206,800,000</u>	<u>206,800</u>	<u>204,000,000</u>	<u>204,000</u>
Less: Subscription receivable						
Common shares - P1,000 par value	-	-	-	-	(84,000,000)	(84,000)
Issued and outstanding	<u>P218,600,000</u>	<u>218,600</u>	<u>P206,800,000</u>	<u>206,800</u>	<u>P120,000,000</u>	<u>120,000</u>

A reconciliation of the outstanding shares at the beginning and end of December 31, 2022, 2021 and 2020 is shown below:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Outstanding, beginning	206,800	120,000	120,000
Issuance	11,800	86,800	-
Reacquisition	-	-	-
Outstanding, ending	<u>218,600</u>	<u>206,800</u>	<u>120,000</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) 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 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 December 31, 2022, the Company issued through public offering additional Eleven Thousand Eight Hundred (11,800) common shares. The related share premium arising from this sale, amounted to P153,964,000. Total share premium paid as at December 31, 2022 amounted to P193,164,000.

As at December 31, 2022, the Company has fifty-three (53) shareholders owning one hundred (100) and more shares of the Company's capital stock.

NOTE 17 - REVENUES

Details of the Company's revenue are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Hospital revenue	P 149,589,792	P 3,321,621	P -
Sales of drugs and medicines	44,085,287	615,661	-
Discounts	<u>(9,784,287)</u>	-	-
	<u>P 183,890,792</u>	<u>P 3,937,282</u>	<u>P -</u>

Discounts are extended to senior citizen, PWD and other government mandated entitlement, it also includes discounts to shareholder's, shareholder's spouse and dependents based on the company prospectus.

NOTE 18 - COST OF SALES AND SERVICES

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employees' compensation and other benefits (Note 21)	P 54,673,802	P 6,711,362	-
Professional fees	45,734,926	3,995,986	-
Medical, pharmacy and laboratory supplies (Note 8)	22,600,698	1,227,820	-
Depreciation (Note 11,21)	19,397,955	3,115,129	-
Communication, light and water	6,909,241	-	-
Outside services	2,521,010	-	-

Dietary (Note 8)	1,729,845	-	-
Service fees	1,154,695	-	-
Equipment rentals (Note 25)	457,686	-	-
	<u>₱ 155,179,858</u>	<u>₱ 15,050,297</u>	<u>-</u>

NOTE 19 - OPERATING EXPENSES

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Officers' compensation	₱ 18,000,000	₱ -	₱ -
Employees' compensation and other benefits (Note 21)	13,242,576	7,026,969	501,987
Depreciation (Note 11,21)	4,424,317	633,288	41,374
Advertising and promotions	3,090,978	2,587,587	-
Office supplies	2,472,047	1,111,008	73,789
Security services	2,361,114	1,897,199	50,000
Communication, light and water	1,727,310	1,648,397	23,121
Credit losses	1,509,702	-	-
Directors' Allowances	900,000	-	-
Transportation and travel	840,508	694,826	35,394
Professional fees	822,869	581,719	248,600
Repairs and maintenance	815,416	40,932	6,755
Insurance	800,163	-	-
Service and processing fees	797,710	-	-
Meetings and conferences	484,507	535,948	48,771
Taxes and licenses	398,068	965,217	134,680
Representation	290,707	126,920	21,552
Amortization	186,667	-	-
Membership fees	28,848	25,500	-
Bank charges	880	-	-
Rentals	-	8,000	-
Miscellaneous	511,707	131,966	6,707
	<u>₱ 53,706,094</u>	<u>₱ 18,015,476</u>	<u>₱ 1,192,730</u>

NOTE 20 - OTHER INCOME

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Rental income (Note 25)	₱ 760,000	₱ 40,000	₱ -
Interest income	121,053	23,163	14,892
Miscellaneous income	143,600	-	-
	<u>₱ 1,024,653</u>	<u>₱ 63,163</u>	<u>₱ 14,892</u>

NOTE 21 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented as follows:

2022

	Cost of sales and services	Operating Expense	Total
Depreciation	P 19,397,955	P 4,424,317	P 23,822,272
Amortization	-	186,667	186,667
Employee benefits	54,673,802	13,242,576	67,916,378

2021

	Cost of sales and services	Operating Expense	Total
Depreciation	P 3,115,129	P 633,288	P 3,748,417
Employee benefits	6,711,362	7,026,969	13,738,331

2020

	Cost of sales and services	Operating Expense	Total
Depreciation	P -	P 41,374	P 41,374
Employee benefits	-	501,987	501,987

NOTE 22 - RELATED PARTY TRANSACTIONS

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

2022

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Founders	Payments	P(54,798,338)		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	Unsecured
	Advances	10,280,483	P 10,280,483		

2021

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC- Dagupan, Inc. (under common control)	Collection	P3,729,531	P -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Founders	Advances	P 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)	P 54,798,338		

2020

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Advances Collection	₱ 6,729,431 (3,000,000)	₱ 3,729,431	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Founders	Advances	₱ 13,229,809	₱ 66,009,040	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Receivable from ACEMC-Dagupan, Inc

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 outstanding balance of these receivable were presented under Trade and other receivables account in the statements of financial position.

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. In 2019, the Founders started charging the Company an interest rate of 5% to 6% on these advances. 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. The interest-bearing advances were fully paid in 2020.

Total interest capitalized from these advances amounted to ₱3,393,630 as at December 31, 2020 (Note 11)

Key Management Personnel Compensations

Directors' allowances and officers' compensation for the year 2022, 2021 and 2020 amounted to ₱18,900,000, ₱nil and ₱nil, respectively.

NOTE 23 - INCOME TAXES

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

	2022	2021	2020
Current	₱ 296,145	₱ -	₱ -
Deferred tax expense (income) arising from:			
Temporary differences	(10,038,992)	(7,053,924)	(351,353)
Adjustment due to CREATE	-	296,982	-
	<u>₱ (9,742,847)</u>	<u>₱ (6,756,942)</u>	<u>₱ (351,353)</u>

Reconciliation between statutory tax and effective tax follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Income tax at statutory rate	P (10,715,954)	P (7,266,332)	P (270,851)
Tax effect income subject to final tax	(30,263)	(5,791)	(86,968)
Tax effect of non-deductible interest expense	7,566	-	-
Tax effect of non-deductible representation expense	-	21,887	6,466
Tax effect of expiration of NOLCO	995,804	196,312	-
Adjustment due to CREATE	-	296,982	-
Effective income tax	<u>P (9,742,847)</u>	<u>P (6,756,942)</u>	<u>P (351,353)</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Loss before tax	P (42,863,815)	P (29,065,328)	P (1,177,838)
Permanent Differences:			
Interest income subjected to final tax	(121,053)	(23,163)	(14,892)
Interest arbitrage	30,263	-	-
Non-deductible representation expense	-	87,546	21,552
Temporary differences:			
Credit losses	1,509,702	-	-
Taxable loss	(41,444,903)	(29,000,945)	(1,171,178)
Tax rate	25%	25%	30%
	<u>P (10,361,226)</u>	<u>P (7,250,236)</u>	<u>P (351,353)</u>

Minimum Corporate Income Tax:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Taxable Gross Income	P 29,614,534	P -	P -
Tax Rate	1%	-	-
	<u>P 296,145</u>	<u>P -</u>	<u>P -</u>

Analysis of income tax payable (prepaid income tax) follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax due (MCIT)	P 296,145	P -	P -
Less: Tax Credits			
Creditable withholding tax	(319,986)	-	-
Prepaid income tax (Note 9)	<u>P (23,841)</u>	<u>P -</u>	<u>P -</u>

An analysis of DTA follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
DTA arising from NOLCO	P 17,904,256	P 8,538,834	P 1,781,892
DTA arising from credit losses	377,425	-	-

DTA arising from MCIT	296,145	-	-
	<u>₱ 18,577,826</u>	<u>₱ 8,538,834</u>	<u>₱ 1,781,892</u>

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. No deferred tax asset was set up on the Company's losses in 2019, due to management assessment on the remote probability that sufficient income will be available to allow part of the deferred tax asset to be utilize before its expiration.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income will expire in the years indicated below:

Year Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2022	2025	₱41,444,903	₱ -	₱ -	₱41,444,903
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>₱75,600,242</u>	<u>₱ -</u>	<u>₱ (3,983,216)</u>	<u>₱71,617,026</u>

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

Details of MCIT follow:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2022	2025	<u>₱ 296,145</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 296,145</u>

NOTE 24 - BASIC EARNINGS (LOSS) PER SHARE

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

	2022	2021	2020
Income (loss) attributable to ordinary shares	₱ (33,120,968)	₱ (22,308,386)	₱ (826,485)
Divided by: Weighted average number of ordinary shares outstanding	<u>218,600</u>	<u>206,800</u>	<u>120,000</u>
Basic earnings (loss) per share	<u>₱ (151.51)</u>	<u>₱ (107.87)</u>	<u>₱ (6.89)</u>

NOTE 25 - LEASE AGREEMENTS

Company as a lessor

In 2021, the Company entered into short term lease agreement with various individual for spaces in the cafeteria. The Company has determined that all significant risks and rewards of ownership of this property remain with the lessor.

Rent income recognized from these leases amounted to ₱760,000 and ₱8,000 in 2022 and 2021, respectively. These are presented under other income in the statements of comprehensive income (loss) (Note 20).

Company as a lessee

The Company entered into a lease agreement with Respicare Enterprises Inc. for the use of medical equipment on a per day and monthly basis depending on the need of the hospital.

The Company has elected not to recognize a lease liability for short-term leases with variable payments. Payments made under such leases are expensed on a straight-line basis. Lease payments recognized as Rentals under Cost of Sales and Services in Statements of Comprehensive Income amounted to ₱457,686 in 2022 (Note 18).

NOTE 26 - 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 December 31, 2022, 2021 and 2020 based on contractual undiscounted payment.

	December 31, 2022			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	P 41,523,085	P 23,120,328	P -	P 64,643,413
Loans payable	11,734,666	51,656,637	766,424,501	829,815,804
Advances from related parties	-	10,280,483	-	10,280,483
	<u>P 53,257,751</u>	<u>P 85,057,448</u>	<u>P 766,424,501</u>	<u>P 904,739,700</u>

	December 31, 2021			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	P 99,435,681	P -	P -	P 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>P 99,435,681</u>	<u>P 86,264,125</u>	<u>P 826,498,021</u>	<u>P 1,012,197,827</u>

	December 31, 2020			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	P 24,875,336	P -	P -	P 24,875,336
Loans payable	-	-	449,437,500	449,437,500
Advances from related parties	-	66,009,040	-	66,009,040
	<u>P 24,875,336</u>	<u>P 66,009,040</u>	<u>P 449,437,500</u>	<u>P 540,321,876</u>

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 P625M, P625M and P425M as of December 21, 2022, 2021 and 2020, respectively, which are subject to interest rate repricing (Note 15).

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2022	2021	2020
+1%	P (6,250,000)	P (6,250,000)	P (4,250,000)
-1%	6,250,000	6,250,000	4,250,000

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 December 31, 2022, 2021 and 2020

Credit Quality per Class of Financial Asset

		December 31, 2022					
		Neither Past Due nor Impaired					
		High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks		₱ 10,390,293	₱ -	₱ -	₱ -	₱ -	₱ 10,390,293
Trade and other receivables		1,424,249	2,348,061	-	15,121,459	-	18,893,769
		<u>₱ 11,814,542</u>	<u>₱ 2,348,061</u>	<u>₱ -</u>	<u>₱ 15,121,459</u>	<u>₱ -</u>	<u>₱ 29,284,062</u>
		December 31, 2021					
		Neither Past Due nor Impaired					
		High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks		₱ 102,294,385	₱ -	₱ -	₱ -	₱ -	₱ 102,294,385
Receivables		53,000	-	-	-	-	53,000
		<u>₱ 102,347,385</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 102,347,385</u>
		December 31, 2020					
		Neither Past Due nor Impaired					
		High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks		₱125,895,172	₱ -	₱ -	₱ -	₱ -	₱125,895,172
Receivables		3,729,431	-	-	-	-	3,729,431
		<u>₱129,624,603</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱129,624,603</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	P 10,390,293	P 102,294,385	P 125,895,172
Trade and other receivables	18,893,769	53,000	3,729,431
	<u>P 29,284,062</u>	<u>P 102,347,385</u>	<u>P 129,624,603</u>

Cash excludes petty cash fund and cash on hand amounting to P50,000, P5,000 and P5,000 in 2022, 2021 and 2020.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500.000 for every depositor per banking institution.

(b) Trade and other receivables

Trade Receivables

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

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

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

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

	December 31, 2022						
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	P 2,348,061	P 3,510,180	P 4,394,375	P 2,058,198	P 5,158,706	P -	P 17,469,520
Loss allowance	P 46,961	P 175,509	P 307,606	P 205,820	P 773,806	P -	P 1,509,702

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

	2022	2021	2020
Balance at January 1	P -	P -	P -
Credit losses	1,509,702	-	-
Recovery of allowance	-	-	-
Balance, December 31	<u>P 1,509,702</u>	<u>P -</u>	<u>P -</u>

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.

NOTE 27 - CAPITAL MANAGEMENT

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

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

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

	2022	2021	2020
Total current liabilities	P 109,268,092	P 173,656,065	P 91,256,926
Total non-current liabilities	593,750,000	606,250,000	425,000,000
Total liabilities (a)	703,018,092	779,906,065	516,256,926
Total equity (b)	350,882,870	218,239,838	114,548,224
Debt-to-equity ratio (a/b)	<u>2.00:1</u>	<u>3.57:1</u>	<u>4.51:1</u>

NOTE 28 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2022, 2021 and 2020:

	Note	2022		
		Carrying Amount	Fair Value	
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Cash	6	P 10,440,293	P -	P 10,440,293
Trade and other receivables	7	17,384,067	-	17,384,067
		<u>P 27,824,360</u>	<u>P -</u>	<u>P 27,824,360</u>
Liabilities for which fair values are disclosed:				
Financial liabilities at amortized cost:				
Trade and other payables	13	P 64,643,413	P -	P 64,643,413
Loans payable	15	625,000,000	-	625,000,000
Advances from related parties	22	10,280,483	-	10,280,483
		<u>P 699,923,896</u>	<u>P -</u>	<u>P 699,923,896</u>

		2021			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 102,299,385	₱ -	₱ 102,299,385	₱ -
Trade and other receivables	7	53,000	-	53,000	-
		<u>₱ 102,352,385</u>	<u>₱ -</u>	<u>₱ 102,352,385</u>	<u>₱ -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 99,435,681	₱ -	₱ 99,435,681	₱ -
Loans payable	15	625,000,000	-	625,000,000	-
Advances from related parties	22	54,798,338	-	54,798,338	-
		<u>₱ 779,234,019</u>	<u>₱ -</u>	<u>₱ 779,234,019</u>	<u>₱ -</u>
		2020			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 125,900,172	₱ -	₱ 125,900,172	₱ -
Trade and other receivables	7	3,729,431	-	3,729,431	-
		<u>₱ 129,629,603</u>	<u>₱ -</u>	<u>₱ 129,629,603</u>	<u>₱ -</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 24,875,336	₱ -	₱ 24,875,336	₱ -
Loans payable	15	425,000,000	-	425,000,000	-
Advances from related parties	22	66,009,040	-	66,009,040	-
		<u>₱ 515,884,376</u>	<u>₱ -</u>	<u>₱ 515,884,376</u>	<u>₱ -</u>

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 29 - IMPACT OF COVID-19 PANDEMIC

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

NOTE 30 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Present below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

2022

	Loans Payable (Note 15)	Interest Payable (Note 13,15)	Advances from Shareholders (Note 22)	Total
Balance as of January 1, 2022	P 625,000,000	P 7,517,486	P 54,798,338	P 687,315,824
Cash flow from Financing Activities:				
Additional Borrowing	-	31,964,747	10,280,483	42,245,230
Repayment of Borrowing	-	(33,439,977)	(54,798,338)	(88,238,315)
Non-cash financing activities				
Conversion to Equity	-	-	-	-
Balance, December 31, 2022	<u>P 625,000,000</u>	<u>P 6,042,256</u>	<u>P 10,280,483</u>	<u>P 641,322,739</u>

2021

	Loans Payable (Note 15)	Interest Payable (Note 13,15)	Advances from Shareholders (Note 22)	Total
Balance as of January 1, 2021	P 425,000,000	P 7,529,449	P 66,009,040	P 498,538,489
Cash flow from Financing Activities:				
Additional Borrowing	200,000,000	29,590,155	72,789,298	302,379,453
Repayment of Borrowing	-	(29,602,118)	-	(29,602,118)
Non-cash financing activities				
Conversion to Equity	-	-	(84,000,000)	(84,000,000)
Balance, December 31, 2021	<u>P 625,000,000</u>	<u>P 7,517,486</u>	<u>P 54,798,338</u>	<u>P 687,315,824</u>

2020

	Loans Payable (Note 15)	Interest Payable (Note 13,15)	Advances from Shareholders (Note 22)	Total
Balance as of January 1, 2020	P 150,000,000	P 275,000	P 52,779,231	P 203,054,231
Cash flow from Financing Activities:				
Additional Borrowing	275,000,000	10,734,945	13,229,809	298,964,754
Repayment of Borrowing	-	(3,480,496)	-	(3,480,496)
Balance, December 31, 2020	<u>P 425,000,000</u>	<u>P 7,529,449</u>	<u>P 66,009,040</u>	<u>P 498,538,489</u>

NOTE 31 - RESTATEMENT OF PRIOR PERIOD

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation.

As a result, certain items in the statements of financial position, statements of cash flows and notes to financial statements have been amended. Management believes that this reclassification would reflect the true nature of the transactions and did not have any impact on prior years financial statements.

The items reclassified were as follows:

- Advances to contractors and suppliers were reclassified from current assets to non-current assets.
- Government statutory payables were reclassified from trade and other payables to other current liabilities.

Below is the summary of the changes arising from restatement:

	<u>2021</u> <u>(Previously</u> <u>reported)</u>	<u>2021 (After</u> <u>restatement)</u>	<u>Increase</u> <u>(Decrease)</u>
Statements of Financial Position			
Total current assets	P 105,032,815	P 105,032,815	P -
Total non-current assets	893,113,088	893,113,088	-
Payables	100,107,727	99,435,681	(672,046)
Other current liabilities	-	672,046	672,046
Statements of Cash Flows			
Cash Flows From Pre Operating Activities			
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Advances to contractors and suppliers	P 1,105,278	P -	P (1,105,278)
Increase (decrease) in:			
Payables	(16,268,561)	(16,568,057)	(299,496)
Other current liabilities	-	299,496	299,496
Net cash provided by (used in) pre-operating activities	(38,924,905)	(40,030,183)	(1,105,278)
Cash Flows From Investing Activities			
Advances to contractors and suppliers	-	1,105,278	1,105,278
Net cash used in investing activities	(299,465,180)	(298,359,902)	1,105,278

	<u>2020</u> <u>(Previously</u> <u>reported)</u>	<u>2020 (After</u> <u>restatement)</u>	<u>Increase</u> <u>(Decrease)</u>
Statements of Financial Position			
Total current assets	P 131,294,169	P 130,188,891	P (1,105,278)
Total non-current assets	499,510,981	500,616,259	1,105,278
Payables	25,247,886	24,875,336	(372,550)
Other current liabilities	-	372,550	372,550
Statements of Cash Flows			
Cash Flows From Pre Operating Activities			
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Advances to contractors and suppliers	P 14,065,059	P -	P (14,065,059)
Increase (decrease) in:			
Payables	(4,197,162)	(4,101,642)	95,520
Other current liabilities	-	(95,520)	(95,520)
Net cash provided by (used in) pre-operating activities	6,038,364	(8,026,695)	(14,065,059)
Cash Flows From Investing Activities			
Advances to contractors and suppliers	-	14,065,059	14,065,059
Net cash used in investing activities	(228,541,903)	(214,476,844)	14,065,059

NOTE 32 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT

	<u>Tax Base</u>	<u>Amount</u>
Vatable sales	P 26,551,206	P 3,186,145
Exempt sales	135,004,378	-
	<u>P 161,555,584</u>	<u>P 3,186,145</u>

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

(b) Input VAT

	<u>Purchases</u>	<u>Input VAT</u>
Balance at beginning of year	P -	P -
Goods other than capitals goods	17,645,964	2,117,516
Capital goods subject to amortization	-	-
Services lodged under other accounts	7,033,195	843,983
Total available input VAT		<u>2,961,499</u>
Applied against output VAT		<u>(2,961,499)</u>
		<u>P -</u>

(a) Taxes and Licenses for 2022

Taxes and licenses for 2022 consist of:

	<u>Amount</u>
Licenses and business permits	P 195,086
Documentary stamp tax	118,000
Real property tax	84,482
Annual Registration	500
	<u>P 398,068</u>

The amounts of taxes and licenses shown above are included under the general and administrative expenses in the statements of comprehensive income (loss).

(b) Withholding Taxes for 2022

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

	<u>Amount</u>
Compensation and employee benefits	P 1,118,133
Expanded	6,223,733
	<u>P 7,341,866</u>

(c) Tax Assessments and Cases

The Company has no pending examination with the Bureau of Internal Revenue as of reporting period.

(d) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

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

For The Years Ended December 31, 2022, 2021 and 2020

Current Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total current assets	P 51,113,456	P 105,032,815	P 130,188,891
Total current liabilities	<u>109,268,092</u>	<u>173,656,065</u>	<u>91,256,926</u>
Current ratio	<u>0.468:1</u>	<u>0.605:1</u>	<u>1.427:1</u>

Quick Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total liquid asset	P 27,824,360	P 102,352,385	P 129,629,603
Total current liabilities	<u>109,268,092</u>	<u>173,656,065</u>	<u>91,256,926</u>
Quick ratio	<u>0.255:1</u>	<u>0.589:1</u>	<u>1.42:1</u>

Working Capital to Total Asset

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Working capital	P (58,154,636)	P (68,623,250)	P 38,931,965
Total assets	<u>1,053,900,962</u>	<u>998,145,903</u>	<u>630,805,150</u>
Working capital ratio	<u>-0.055:1</u>	<u>-0.069:1</u>	<u>0.062:1</u>

Solvency Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income (loss) after tax + Depreciation & Amortization	P (9,112,029)	P (22,308,386)	P (785,111)
Total liabilities	<u>703,018,092</u>	<u>779,906,065</u>	<u>516,256,926</u>
Solvency ratio	<u>-0.013:1</u>	<u>-0.029:1</u>	<u>-0.002:1</u>

Debt-to-equity Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total liabilities	P 703,018,092	P 779,906,065	P 516,256,926
Total equity	<u>350,882,870</u>	<u>218,239,838</u>	<u>114,548,224</u>
Debt-to-equity ratio	<u>2.004:1</u>	<u>3.574:1</u>	<u>4.507:1</u>

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

For The Years Ended December 31, 2022, 2021 and 2020

Asset-to-equity Ratio

	2022	2021	2020
Total assets	P 1,053,900,962	P 998,145,903	P 630,805,150
Total equity	350,882,870	218,239,838	114,548,224
Asset to equity ratio	<u>3.004:1</u>	<u>4.574:1</u>	<u>5.507:1</u>

Interest Rate Coverage Ratio

	2022	2021	2020
Pre-tax profit (loss) before interest	P (23,970,507)	P (29,065,328)	P (1,177,838)
Interest	31,964,747	31,090,155	13,025,589
Interest rate ratio	<u>-0.75:1</u>	<u>-0.935:1</u>	<u>-0.09:1</u>

Profitability Ratios

	2022	2021	2020
Net profit (loss) after tax	P (33,120,968)	P (22,308,386)	P (826,485)
Total equity	350,882,870	218,239,838	114,548,224
	<u>-0.094:1</u>	<u>-0.102:1</u>	<u>-0.007:1</u>

a.) Return on asset ratio

	2022	2021	2020
Net income (loss) after tax	P (33,120,968)	P (22,308,386)	P (826,485)
Average assets	1,026,023,433	814,475,527	480,571,849
	<u>-0.032:1</u>	<u>-0.027:1</u>	<u>-0.002:1</u>

b.) Return on equity ratio

	2022	2021	2020
Net profit (loss) after tax	P (33,120,968)	P (22,308,386)	P (826,485)
Average equity	284,561,354	166,394,031	114,961,467
	<u>-0.116:1</u>	<u>-0.134:1</u>	<u>-0.007:1</u>

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

For The Years Ended December 31, 2022, 2021 and 2020

c.) Gross Profit Margin Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit (loss) before tax	P (42,863,815)	P (29,065,328)	P (1,177,838)
Gross profit	<u>28,710,934</u>	<u>(11,113,015)</u>	<u>-</u>
	<u><u>-1.493:1</u></u>	<u><u>2.615:1</u></u>	<u><u>N/A</u></u>

d.) Net Profit Margin

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit (loss) after tax	P (33,120,968)	P (22,308,386)	P (826,485)
Revenue	<u>183,890,792</u>	<u>3,937,282</u>	<u>-</u>
	<u><u>-0.18:1</u></u>	<u><u>-5.666:1</u></u>	<u><u>N/A</u></u>

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

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

Unappropriated Retained Earnings (Deficit), <i>as adjusted to available for dividend distribution, beginning of the year</i>		<u>(P27,760,162)</u>
Add: Net income (loss) actually earned/realized during the period		<u>(33,120,968)</u>
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture	-	
• Unrealized foreign exchange gain - (after tax except those	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of Investment Property resulting to gain	-	
• Adjustment due to deviation from PFRS-gain	-	
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	<u>-</u>	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviation from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	<u>-</u>	
Net income actually earned during the period		(33,120,968)
Add (Less):		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury Shares	-	
Sub-total	<u>-</u>	
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		<u><u>NIL</u></u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Metropolitan Bank and Trust Company	P 5,242,572	P 5,242,572	P 6,425
Bank of the Philippine Islands	3,256,484	3,256,484	113,979
Development Bank of the Philippines	1,796,622	1,796,622	7,618
Land Bank of the Philippines	94,615	94,615	-
	P 10,390,293	P 10,390,293	P 128,022

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Alcanzare, Eva	-	15,797	5,705	-	10,092	-	10,092
Andes, Romina	-	220	-	-	220	-	220
Bacay, Greycell	-	11,415	7,215	-	4,200	-	4,200
Calvo, Redjan	-	2,925	1,853	-	1,072	-	1,072
Catigbe, Bianca	-	30,903	27,717	-	3,186	-	3,186
Lobaton, Hannah Joy	-	9,405	5,000	-	4,405	-	4,405
Marafion, Jeddah	-	152	-	-	152	-	152
Millave, King Erick	-	25,177	22,861	-	2,316	-	2,316
Miftano, Dian Lou	-	10,356	2,326	-	8,030	-	8,030
Mohamad, Joel	-	28,000	24,000	-	4,000	-	4,000
Pacaigue, Katherine	-	14,041	-	-	14,041	-	14,041
Palay, Arlene	-	23,222	828	-	22,395	-	22,395
Patacsil, Ed Angela	-	7,821	-	-	7,821	-	7,821
Servando, Rizza	-	4,186	-	-	4,186	-	4,186
Terrence Tarosa	25,000	-	25,000	-	-	-	-
	P 25,000	P 183,620	P 122,505	P -	P 86,116	P -	P 86,116

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
NA	NA	NA	NA	NA	NA	NA	NA

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
NA	NA	NA	NA	NA	NA	NA

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Promissory Note/ Bank loan payable in single sum.	P625,000,000	P-	P625,000,000 5.5% - 6% interest, 40 quarterly installments, November 4, 2031

Schedule F. Indebtedness to Related Parties (Current)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	P54,798,338	P10,280,483

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet Caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Founders' Common Preferred	600 239,400 -	600 218,000 -	- - -	- - -	230 77,970 -	-
Total	240,000	218,600	-	-	78,200	-