COVER SHEET

C S 2 0 1 7 0 2 1 8 2

SEC Registration Number

A L L I E D C A R E E X P E R T S (A C E)

M E D I C A L C E N T E R - P A L A W A N I N C .

(Company's Full Name)

J O M A R I B U I L D I N G B 2 N D F L R

M A L V A R S T . P U E R T O P R I N S E S A C I T Y

P A L A W A N

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

DRA. EDITHA MIGUEL

Contact Person

(048) 717-000-19

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

SEC FORM 17-Q

(Form Type)

4th Friday of August

Month *Day*

(Annual Meeting)

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2724

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended ...**September 30, 2023**

2. Commission Identification Number. **CS201702182**

3. BIR Tax Identification No. **009-533-707**

4. Exact name of issuer as specified in its charter
   Allied Care Experts (ACE) Medical Center – Palawan, Inc.

5. Province, country or other jurisdiction of incorporation or organization
   Palawan, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office — Postal Code
   Jomari Bldg., B. 2nd Flr, Malvar St., Puerto Prinsesa City, Palawan — **5300**

8. Issuer's telephone number, including area code
   (048) 717-000-19

9. Former name, former address and former fiscal year, if changed since last report
   NOT APPLICABLE

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARE, P1,000 PAR VALUE	**230,590 shares / ₱ 704,157,329**

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

    Yes [ ] No [✓]

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

    ______________________________ ______________________

12. Indicate by check mark whether the registrant:

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

    Yes [✓] No [ ]

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

    Yes [✓] No [ ]

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim financial statements of Allied Care Experts (ACE) Medical Center – Palawan, Inc. (the Company) as at and for the nine months ended September 30, 2023 (with comparative figures as at December 31, 2022 (Audited) and for the nine months ended September 30, 2022 (Unaudited) are filed as part of this form 17-Q as Annex A.

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

FINANCIAL CONDITION

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	Horizontal Analysis Inc(Dec)	%age	Vertical Analysis September 30, 2023	December 31, 2022
ASSETS						
Current Assets						
Cash	₱ 8,058,817	₱ 10,440,293	₱ (2,381,476)	-23%	1%	1%
Trade and other receivables	20,999,296	17,384,067	3,615,229	21%	2%	2%
Inventories	19,170,554	20,014,234	(843,680)	-4%	2%	2%
Prepayments and other current assets	5,341,881	3,274,862	2,067,019	63%	1%	0%
Total Current Assets	**53,570,548**	**51,113,456**	**2,457,092**	**2080%**	**5%**	**5%**
Non-current Assets						
Property and equipment - net	963,083,629	982,996,347	(19,912,718)	-2%	92%	93%
Intangible asset	1,073,332	1,213,333	(140,001)	-12%	0%	0%
Deferred tax asset	30,502,275	18,577,826	11,924,449	64%	3%	2%
Total Non-Current Assets	**994,659,236**	**1,002,787,506**	**(8,128,270)**	**-1%**	**95%**	**95%**
TOTAL ASSETS	**₱ 1,048,229,784**	**₱ 1,053,900,962**	**₱ (5,671,178)**	**-1%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 66,092,864	₱ 64,643,413	₱ 1,449,451	2%	6%	6%
Loans payable - current	31,250,000	31,250,000	-	0%	3%	3%
Other current liabilities	1,424,559	3,094,196	(1,669,637)	-54%	0%	0%
Income tax payable	1,096,923	-	1,096,923	100%	0%	0%
Advances from related parties	33,980,483	10,280,483	23,700,000	231%	3%	1%
Total Current Liabilities	**133,844,829**	**109,268,092**	**24,576,737**	**22%**	**13%**	**10%**
Non-Current Liabilities						
Loans payable	570,312,500	593,750,000	(23,437,500)	-4%	54%	56%
Total Liabilities	**704,157,329**	**703,018,092**	**1,139,237**	**0%**	**67%**	**67%**
Equity						
Share capital	231,190,000	218,600,000	12,590,000	6%	22%	21%
Share premium	206,174,000	193,164,000	13,010,000	7%	20%	18%
Accumulated deficits	(93,291,545)	(60,881,130)	(32,410,415)	53%	-9%	-6%
Equity, net	**344,072,455**	**350,882,870**	**(6,810,415)**	**-2%**	**33%**	**33%**
TOTAL LIABILITIES AND EQUIT	**₱ 1,048,229,784**	**₱ 1,053,900,962**	**₱ (5,671,178)**	**-1%**	**100%**	**100%**

As of September 30, 2023, the Company's total assets of ₱1,048,229,784 slightly decrease by ₱5,671,178 from ₱1,053,900,962 balance as of December 31, 2022. This was primarily due to decrease in cash and inventories and depreciation of property and equipment and amortization of intangible asset.

The decreased in Cash by ₱2,381,476 was primarily due to cash used in operations and payment of loans. This is negated by the proceeds from issuance of shares and advances from shareholders.

The increase in trade and other receivables by ₱3,615,229 was primarily due to increase in Company's revenue due to full year of operation and receivable from PhilHealth, patients and reimbursements from HMO, DSWD and others.

The decrease in inventories was primarily due to increase in consumption of medicines and supplies in relation to increase in revenue.

The increased in prepayments and other currents assets by ₱2,067,019 was primarily due to increase in prepaid supplies.

Property and equipment decreased by 2% or ₱19,912,718 primarily due to depreciation for the nine months ended September 30, 2023.

Intangible asset decreased by 12% or ₱140,001 primarily due to amortization for the nine months ended September 30, 2023.

Deferred tax asset increased by ₱11,924,449 due to the additional recognition of DTA on NOLCO, MCIT and Credit losses for the nine months ended September 30, 2023.

Total liabilities decreased by ₱1,139,237 primarily due to decrease in other current liabilities and payment of loans payable. This is negated by the increase in trade and other payables and advances from related parties.

Trade and other payables increased by ₱1,449,451. This is primarily due to increase in trade payables and other accrued expenses. This is negated by the decrease retention payable and accrued interest.

Other current liabilities decrease by ₱1,669,637 primarily due to decrease in payable to BIR negated by the increase in statutory contribution payables.

The Company has income tax payable of ₱1,096,923 for the nine months ended September 30, 2023. Though the Company incurred losses, it is still subject to Minimum Corporate Income Tax.

Advances from related parties increased by ₱23,700,000. This was due to additional advances received from shareholders for additional working capital.

The decrease in loans payable of ₱23,437,500 was primarily due to payment of principal.

The decrease in equity of ₱6,810,415 was primarily due negative result of operation for the nine months ended September 30, 2023. This is negated by the increase in share capital and share premium from the additional issuance of shares.

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the nine months period ended September 30, 2023 and 2022:

		For the nine months ended			Horizontal Analysis		Vertical Analysis	
		30-Sep-23		30-Sep-22	Inc (Dec)	%age	30-Sep-23	30-Sep-22
Revenues	₱	221,319,976	₱	106,108,586 ₱	115,211,390	109%	100%	100%
Cost of sales and services		(168,794,574)		(118,532,460)	50,262,114	42%	-76%	-112%
Other income		3,513,644		3,036,379	477,265	16%	2%	3%
Operating expenses		(63,619,556)		(47,448,650)	16,170,906	34%	-29%	-45%
Finance costs		(35,633,590)		-	35,633,590	100%	-16%	0%
Income tax benefit		10,803,685		14,238,944	(3,435,259)	-24%	5%	13%
Net loss	**₱**	**(32,410,415)**	**₱**	**(42,597,201) ₱**	**(10,186,786)**	**-24%**	-15%	-40%

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.

The revenue for the nine months ended September 30, 2023 increased by 109% from the 2022 revenues due to full operation in the nine months of 2023 as compared to partial operation in the first nine months of 2022.

Cost of sales and services for the nine months ended June 30, 2023 increased by 42% as compared with the September 30, 2022 figures. The increased is directly associated with the increase in revenue and full nine months hospital operations in 2023.

Other income for the nine months period September 30, 2023 increased by 16%. This was due to full nine months operation in 2023.

The 34% increase in operating expenses for the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 was primarily due to significant increase in some expenses particularly on compensation, professional fees and supplies.

Finance costs increased by 100% for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022. The Company's building is already used for its intended purpose hence the interest on loan for construction of hospital building were directly charged to operation in 2023 instead of capitalization.

Income tax benefit for the nine months ended September 30, 2023 is lower compared to nine months ended September 30, 2022 due to lower taxable loss of the Company in 2023.

Loss for the nine months ended September 30, 2023 is lower compared to nine months ended September 30, 2022. This was due to full operation in 2023 compare to partial operation in 2022.

Material Changes in Financial Condition

a. Cash decreased by ₱2.381M This is primarily due to payment of loans and the cash generated from operations is not enough to cover the operation expenditures.
b. Trade and other receivables increased by ₱3.615M Due to increase in Company's revenue due to full year of operation and receivable from PhilHealth, patients and reimbursements from HMO, DSWD and others.
c. Inventories decreased by ₱.843M Due to increase in consumption of medicines and supplies in relation to increase in revenue.
d. Prepayments and other current assets increased by ₱2.067M Due to increase in prepaid supplies.
e. Property and equipment decreased by ₱19.912M
Due to depreciation for the nine months ended September 30, 2023.
f. Intangible asset decreased by ₱140,001
Due to amortization for the nine months ended September 30, 2023.
g. Deferred tax asset increased by ₱11.924M
Due to the additional recognition of DTA on NOLCO, MCIT and credit losses.
h. Trade and other payables increased by ₱1.449M
Mainly due to increase in trade payables and accrued expenses, negated by the decrease in retention and interest payable.
i. Other current liabilities decreased by ₱1.669M
Due to decrease in payable to BIR negated by the increase in statutory contribution payables.
j. Income tax payable increased by ₱1,096,923
Though the Company incurred losses, it is subject to MCIT resulting to income payable of P1,096,923 for the nine months ended September 30, 2023.
k. Advances from related parties increased by ₱23.7M
Due to additional advances from shareholders for working capital.
l. Equity decreased by ₱6.810M Primarily due to increase in accumulated losses. This is negated by the increase in share capital and share premium from the issuance of shares.

Material Changes in Operating Results

a. Revenue increased by 109% Due to full operation in the nine months of 2023 as compared to partial operation in the first nine months of 2022.
b. Cost of Sales and Services increased by 42% The increased is directly associated with the increase in revenue and full nine months hospital operations in 2023.
c. Operating Expenses increased by 34% Primarily due to significant increase in some expenses particularly on compensation, professional fees and supplies.
d. Other income increased by 16% This was due to full nine months operation in 2023.
e. Finance cost increased by 100% The Company's building is already used for its intended purpose hence the interest on loan for construction of hospital building were directly charged to operation in 2023 instead of capitalization.
f. Income tax benefit decreased by 24% Due to lower taxable loss of the Company in 2023.
g. Loss decreased by 24% This was due to full operation in 2023 compare to partial operation in 2022.

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Sept 30, 2023	Sept 30, 2022
1. Liquidity		
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R) / current liabilities]	0.360:1	0.127:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.400:1	0.172:1
2. Solvency		
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.047:1	2.633:1
3. Profitability		
a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	(0.146):1	(0.401):1
b. Return on equity - ability to generate returns on investment of stockholders. (net income /average equity)	(0.101):1	(0.161):1
4. Leverage		
b. Debt to total asset ratio - the proportion of total assets financed by creditors. (total debt / total assets)	0.672:1	0.725:1
c. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	3.047:1	3.633:1
2. **Interest Rate Coverage Ratio**		
a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments	(0.213):1	(2.973):1

(earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.		

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

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

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

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

There were no capital expenditures for the period.

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

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

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

PART II--OTHER INFORMATION

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

SIGNATURES

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

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

By:

DRA. EDITHA C. MIGUEL
President

DRA. LUMEN R. PALANCA
Treasurer

Date: October 27, 2023

Date: October 27, 2023

ANNEX A

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

UNAUDITED FINANCIAL STATEMENTS
For the Nine Months Ended September 30, 2023
(With Comparative Figures as at December 31, 2022 and Nine Months Ended September 30, 2022)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and December 31, 2022

	Notes	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	*4,5,6*	₱ **8,058,817**	₱ 10,440,293
Trade and other receivables	*4,5,7*	**20,999,296**	17,384,067
Inventories	*4,5,8*	**19,170,554**	20,014,234
Prepayments and other current assets	*4,5,9*	**5,341,881**	3,274,862
Total Current Assets		**53,570,548**	51,113,456
Non-current Assets			
Property and equipment - net	*4,5,10*	**963,083,629**	982,996,347
Intangible asset	*4,5,11*	**1,073,332**	1,213,333
Deferred tax asset	*4,5,22*	**30,502,275**	18,577,826
Total Non-Current Assets		**994,659,236**	1,002,787,506
TOTAL ASSETS		₱ **1,048,229,784**	₱ 1,053,900,962
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*4,12*	₱ **66,092,864**	₱ 64,643,413
Loans payable - current	*4,14*	**31,250,000**	31,250,000
Other current liabilities	*4,13*	**1,424,559**	3,094,196
Income tax payable	*4,22*	**1,096,923**	-
Advances from related parties	*4,21*	**33,980,483**	10,280,483
Total Current Liabilities		**133,844,829**	109,268,092
Non-Current Liabilities			
Loans payable	*4,14*	**570,312,500**	593,750,000
Total Liabilities		**704,157,329**	703,018,092
Equity			
Share capital	*4,15*	**231,190,000**	218,600,000
Share premium	*4,15*	**206,174,000**	193,164,000
Accumulated deficits	*4*	**(93,291,545)**	(60,881,130)
Equity, net		**344,072,455**	350,882,870
TOTAL LIABILITIES AND EQUITY		₱ **1,048,229,784**	₱ 1,053,900,962

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Nine Months Ended September 30, 2023 and 2022

	Notes	January - September 2023 (Unaudited)	January - September 2022 (Unaudited)	July - September 2023 (Unaudited)	July - September 2022 (Unaudited)
REVENUES	*4,16*	₱ **221,319,976**	₱ 106,108,586	₱ **76,090,615**	₱ 63,904,672
COST OF SALES AND SERVICES	*4,17*	**(168,794,574)**	(118,532,460)	**(49,164,763)**	(45,113,199)
GROSS PROFIT (LOSS)		**52,525,402**	(12,423,874)	**26,925,852**	18,791,473
OTHER INCOME	*4,19*	**3,513,644**	3,036,379	**1,407,286**	1,439,999
GROSS INCOME (LOSS)		**56,039,046**	(9,387,495)	**28,333,138**	20,231,472
OPERATING EXPENSES	*4,18*	**(63,619,556)**	(47,448,650)	**(21,174,282)**	(13,696,236)
FINANCE COST	*4,14*	**(35,633,590)**	-	**(10,444,892)**	-
LOSS BEFORE TAX		**(43,214,100)**	(56,836,145)	**(3,286,036)**	6,535,236
INCOME TAX BENEFIT	*4,22*	**(10,803,685)**	(14,238,944)	**(821,509)**	1,630,896
LOSS FOR THE PERIOD		**(32,410,415)**	(42,597,201)	**(2,464,527)**	4,904,340
COMPREHENSIVE INCOME (LOSS)		**-**	-	**-**	-
TOTAL COMPREHENSIVE LOSS		₱ **(32,410,415)**	₱ (42,597,201)	₱ **(2,464,527)**	₱ 4,904,340
BASIC EARNINGS (LOSS) PER SHARE	*4,24*	₱ **(140.19)**	₱ (194.86)	₱ **(10.66)**	₱ 22.44

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF CHANGES IN EQUITY
For The Nine Months Ended September 30, 2023 and 2022

	Notes	September 30 2023 (Unaudited)	September 30 2022 (Unaudited)
SHARE CAPITAL	*4,15*		
Balance, beginning of the year		**₱ 218,600,000**	₱ 206,800,000
Issuance of shares		**12,590,000**	11,800,000
Balance, end of the year		**231,190,000**	218,600,000
SHARE PREMIUM	*4,15*		
Balance, beginning of the year		**193,164,000**	39,200,000
Issuance of shares		**13,010,000**	111,964,098
Balance, end of the year		**206,174,000**	151,164,098
ACCUMULATED DEFICITS	*4*		
Balance, beginning of the year		**(60,881,130)**	(27,760,162)
Loss for the period		**(32,410,415)**	(42,597,201)
Balance, end of the year		**(93,291,545)**	(70,357,363)
EQUITY, net		**₱ 344,072,455**	₱ 299,406,735

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF CASH FLOWS
For The Nine Months Ended September 30, 2023 and 2022

	Notes	September 2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM PRE OPERATING ACTIVITIES			
Loss for the period		₱ **(43,214,100)**	₱ (56,836,145)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Interest income	*4,19*	**(852)**	(119,630)
Depreciation and amortization	*4,17,18*	**20,052,719**	18,127,803
Finance costs		**35,633,590**	-
Operating income (loss) before changes in working capital		**12,471,357**	(38,827,972)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	*4,5,7*	**(3,615,229)**	(4,310,197)
Inventories	*4,5,8*	**843,680**	(5,791,425)
Prepayments and other current assets	*4,5,9*	**(2,090,860)**	84,482
Increase (decrease) in:			
Payables	*4,12*	**1,449,451**	84,902,279
Other current liabilities	*4,13*	**(1,669,637)**	-
Cash generated from operation		**7,388,762**	36,057,167
Interest received	*4,19*	**852**	119,630
Finance cost paid	*4,14*	**(35,633,590)**	-
Net cash provided by (used in) operating activities		**(28,243,976)**	36,176,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*4,5,10*	-	(165,081,475)
Acquisition of intangible asset	*4,5,11*	-	(1,400,000)
Interest income received	*4,6,10*	-	7,618
Interest expense paid	*4,10,14*	-	(21,596,988)
Net cash used in investing activities		-	(188,070,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans	*4,14*	**(23,437,500)**	-
Proceeds from issuance of shares	*4,15*	**25,600,000**	123,764,098
(Payments) Proceeds from advances from related parties	*4,21*	**23,700,000**	(54,798,338)
Net cash provided by financing activities		**25,862,500**	68,965,760
NET DECREASE IN CASH		**(2,381,476)**	(82,928,288)
CASH AT THE BEGINNING OF THE YEAR		**10,440,293**	102,299,385
CASH AT THE END OF THE YEAR		₱ **8,058,817**	₱ 19,371,097

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - PALAWAN, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023, December 31, 2022 and September 30, 2022

NOTE 1 - GENERAL INFORMATION

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

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

On March 29, 2021, the SEC En Banc under SEC 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 resgistered 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. Full operation commenced in January 2023.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2023.

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

- Amendments to 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.

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 January 1, 2023 and have not been applied in preparing the unaudited interim financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 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 unaudited interim financial statements, as applicable.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, the Company's trade and other payables, advances from related parties, and loans payable accounts are classified under this category. (Note 12, 21 and 14)

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.

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,

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

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

Income Tax

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

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

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

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 unaudited interim financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the unaudited interim financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the unaudited interim 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 25.

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 non financial assets was recognized in the Company's financial statements in either 2023 or 2022.

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:

Particulars	Useful Lives
Building	50 years
Office, Furniture and Equipment	3 - 5 years
Medical Equipment	5-10 years
Transportation Equipment	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at September 30, 2023 will be fully utilized in the coming years. The carrying value of deferred tax assets as of the reporting dates is disclosed in Note 22.

NOTE 6 - CASH

This account consists of:

	30-Sept-23 (Unaudited	31-Dec-22 (Audited)
Cash on hand	**₱ 50,000**	₱ 50,000
Cash in banks	**8,008,817**	10,390,293
	₱ 8,058,817	₱ 10,440,293

Cash in bank generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱852, ₱128,022 and ₱127,248 for the for the nine months ended September 30, 2023, year ended December 31, 2022, and nine months ended September 30, 2022, respectively, and are presented as follows:

	30-Sept-23 (Unaudited	31-Dec-22 (Audited)	30-Sept-22 (Unaudited)
Interest income (Note 16)	**₱ 852**	₱ 121,053	₱ 119,630
Reduction on capitalized borrowing cost (Note 11)	**-**	6,969	7,618
	₱ 852	₱ 128,022	₱ 127,248

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Trade receivables	**₱ 23,263,289**	₱ 17,469,520
Advances to employees	**2,012,180**	1,204,249
Others	**-**	220,000
	25,275,369	18,893,769
Allowance for credit losses	**(4,276,073)**	(1,509,702)
	₱ 20,999,296	₱ 17,384,067

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.

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 September 30, 2023 and December 31, 2022 are shown below:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Balance at January 1	**₱ 1,509,702**	₱ -
Credit losses	**2,766,371**	1,509,702
Recovery of allowance		-
Balance, December 31	**₱ 4,276,073**	₱ 1,509,702

NOTE 8 - INVENTORIES

	30-Sept-23 (Unaudited	31-Dec-22 (Audited)
Pharmacy supplies	**₱ 5,438,986**	₱ 10,713,234
Laboratory supplies	**5,165,207**	6,109,379
Hospital supplies	**8,566,361**	2,914,872
Dietary supplies	**-**	276,749
	₱ 19,170,554	₱ 20,014,234

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

The Company recognized as expense, inventories costing ₱46,643,357, ₱26,448,059 and ₱22,120,755 for the for the nine months ended September 30, 2023, year ended December 31, 2022, and nine months ended September 30, 2022, respectively. (Note 17)

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

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

		30-Sept-23 (Unaudited)		31-Dec-22 (Audited)
Prepaid supplies	₱	**4,341,460**	₱	2,250,600
Prepaid expenses		**1,000,421**		1,000,421
Prepaid income tax (Note 22)		**-**		23,841
	₱	**5,341,881**	₱	3,274,862

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 - PROPERTY AND EQUIPMENT - net

A reconciliation of the carrying amounts at the beginning and end of September 30, 2023 and December 31, 2022 of property and equipment is shown below:

September 30, 2023 (Unaudited)

	Land	Hospital Building	Transportation Equipment	Subtotal
Costs				
January 1, 2023	₱ 50,273,850	₱ 828,459,248	₱ 2,002,470	₱ 880,735,568
Additions	-	-	-	-
Disposal	-	-	-	-
Reclassification	-	-	-	-
September 30, 2023	50,273,850	828,459,248	2,002,470	880,735,568
Accumulated depreciation				
January 1, 2023	₱ -	₱ 12,426,889	₱ 266,996	₱ 12,693,885
Depreciation	-	9,320,167	150,293	9,470,460
Disposal	-	-	-	-
September 30, 2023	-	21,747,056	417,289	22,164,345
Carrying amount				
September 30, 2023	₱ 50,273,850	₱ 806,712,192	₱ 1,585,181	₱ 858,571,223

Continuation	Subtotal	Medical Equipment	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2023	₱880,735,568	₱113,047,189	₱ 15,598,448	₱ 1,279,694	₱ 1,010,660,899
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
September 30, 2023	880,735,568	113,047,189	15,598,448	1,279,694	1,010,660,899
Accumulated depreciation					
January 1, 2023	₱ 12,693,885	₱ 12,504,968	₱ 2,090,214	₱ 375,485	₱ 27,664,552
Depreciation	9,470,460	9,138,346	1,032,255	271,657	19,912,718
Disposal	-	-	-	-	-
September 30, 2023	22,164,345	21,643,314	3,122,469	647,142	47,577,270
Carrying amount					
September 30, 2023	₱858,571,223	₱ 91,403,875	₱ 12,475,979	₱ 632,552	₱ 963,083,629

December 31, 2022 (Audited)

	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	880,735,568	113,047,189	15,598,448	1,279,694	1,010,660,899
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	12,693,885	12,504,968	2,090,214	375,485	27,664,552
Carrying amount					
December 31, 2022	₱868,041,683	₱100,542,221	₱ 13,508,234	₱ 904,209	₱ 982,996,347

Depreciation expenses amounted to ₱19,912,718 for the nine months ended September 30, 2023, ₱23,822,272 for the year ended December 31, 2022 and ₱18,011,136 for the nine months ended

September 30, 2022. These are presented in the statements of comprehensive income (loss) as follows:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)	30-Sept-22 (Unaudited)
Cost of sales and services	**₱ 16,594,480**	₱ 19,397,955	₱ 14,386,258
Operating expenses	**3,318,238**	4,424,317	3,624,878
Total	**₱ 19,912,718**	₱ 23,822,272	₱ 18,011,136

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 its 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 ₱856,986,042 and ₱866,306,209 as at September 30, 2023 and December 31, 2022, respectively. (Note 14)

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 in 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 the second quarter of 2022, the Company launched partial operations of its hospital building and facilities. Subsequently the amount of Construction-in-progress was reclassified to Hospital Building Account.

Capitalized borrowing cost amounting to ₱13,064,470 and ₱10,061,374 as of December 31, 2022 and September 30, 2022, respectively, were reduced by the interest income earned from bank deposit where the proceeds from the loan is deposited. This amounted to ₱6,969 and ₱7,618 for the year ended December 31, 2022 and nine months ended September 30, 2022, respectively. (Note 6)

NOTE 11 - INTANGIBLE ASSET

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

A reconciliation of the carrying amounts at the beginning and end of September 30, 2023 and December 31, 2022 are shown below:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Cost		
Balance, beginning of the year	**₱ 1,400,000**	₱ -
Additions	-	1,400,000
Disposal	-	-
Balance, end of the year	**1,400,000**	1,400,000
Accumulated Amortization		
Balance, beginning of the year	**186,667**	-
Amortization	**140,001**	186,667
Disposal	-	-
Balance at end of year	**326,668**	186,667
Carrying amount	**₱ 1,073,332**	₱ 1,213,333

No impairment losses were recognized for the nine months ended September 30, 2023. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 12 - TRADE AND OTHER PAYABLES

This account consists of:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Trade payables	₱ **35,674,673**	₱ 34,365,785
Retention payable	**21,695,769**	23,120,328
Accrued interest payable	**5,714,844**	6,042,256
Accrued expenses	**3,007,578**	1,115,044
	₱ **66,092,864**	₱ 64,643,413

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 represent accrual of communication, light and water, professional fees, allowances, security services, housekeeping and employee benefits.

NOTE 13 - OTHER CURRENT LIABILITIES

This account consists of:

	30-Sept-23 (Unaudited	31-Dec-22 (Audited)
Withholding taxes payable	₱ **526,450**	₱ 2,134,084
SSS, PHIC and HDMF Payables	**898,109**	617,466
VAT payable	-	224,646
Documentary stamp tax payable	-	118,000
	₱ **1,424,559**	₱ 3,094,196

NOTE 14 - LOANS PAYABLE

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

	30-Sept-23 (Unaudited	31-Dec-22 (Audited)
Current	₱ **31,250,000**	₱ 31,250,000
Non-current	**570,312,500**	593,750,000
Total	₱ **601,562,500**	₱ 625,000,000

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 ₱625M 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 ₱856,986,042 and ₱866,306,209 as at September 30, 2023 and December 31, 2022, respectively. (Note 10).

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

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 September 30, 2023 and December 31, 2022, the Company is in compliance with the terms of its loan agreement.

Movement of loans payable is as follows:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Beginning balance	**₱ (23,437,500)**	₱ 625,000,000
Proceeds	**601,562,500**	-
Payments	**(23,437,500)**	-
Ending balance	**₱ 601,562,500**	₱ 625,000,000

Total interest capitalized from these loans (net of interest income) amounted to ₱nil and ₱13,064,470 as at September 30, 2023 and December 31, 2022, respectively. (Note 11)

Total interest expense recognized in the statements of comprehensive income amounts to ₱35,633,590 in nine months ended September 30, 2023 and ₱18,893,308 in year ended December 31, 2022.

NOTE 15 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as at September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	30-September-2023 (Unaudited)		31-Dec-2022 (Audited)		30-September-2022 (Unaudited)	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized:						
Common shares - ₱1,000 par value	**₱239,400,000**	**239,400**	₱239,400,000	239,400	₱239,400,000	239,400
Founder's shares – ₱1,000 par value	**600,000**	**600**	600,000	600	600,000	600
	240,000,000	**240,000**	240,000,000	240,000	240,000,000	240,000
Subscribed:						
Common shares - ₱1,000 par value	**230,590,000**	**230,590**	218,000,000	218,000	218,000,000	218,000
Founder's shares – ₱1,000 par value	**600,000**	**600**	600,000	600	600,000	600
	231,190,000	**231,190**	218,600,000	218,600	218,600,000	218,600
Less: Subscription receivable						
Common shares - ₱1,000 par value	-	-	-	-	-	-
Issued and outstanding	**₱231,190,000**	**231,190**	₱218,600,000	218,600	₱218,600,000	218,600

A reconciliation of the outstanding shares at the beginning and end of September 30, 2023, December 31, 2022 and September 30, 2022 are shown below:

	30-Sept-2023 (Unaudited)	31-Dec-2022 (Audited)	30-Sept-2022 (Unaudited)
Outstanding, beginning	**218,600**	206,800	206,800
Issuance	**12,590**	11,800	11,800
Reacquisition	**-**	-	-
Outstanding, ending	**231,190**	218,600	218,600

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 (₱120,000,000.00) 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 (₱1,000.00) per share to Two Hundred Forty Million Pesos (₱240,000,000) 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 (₱1,000.00) per share.

As at September 30, 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 ₱111,964,098. Total share premium paid as at September 30, 2022 amounted to ₱151,164,098.

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 ₱153,964,000. Total share premium paid as at December 31, 2022 amounted to ₱193,164,000.

As at September 30, 2023, the Company issued through public offering additional Twelve Thousand Five Hundred Ninety (12,590) common shares. The related share premium arising from this sale, amounted to ₱13,010,000. Total share premium paid as at September 30, 2023 amounted to ₱206,174,000.

As at September 30, 2023, the Company has fifty-three (53) shareholders owning one hundred (100) and more shares of the Company's capital stock.

NOTE 16 - REVENUES

Details of the Company's revenue are as follows:

	January – September		July-September	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Hospital revenue	**₱ 165,496,664**	₱ 102,167,030	**₱ 58,337,186**	₱ 64,319,479
Sale of drugs and medicines	**76,517,997**	9,494,418	**24,436,261**	2,325,170
Discounts	**(20,694,685)**	(5,552,862)	**(6,682,832)**	(2,739,977)
	₱ 221,319,976	₱ 106,108,586	**₱ 76,090,615**	₱ 63,904,672

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 17 - COST OF SALES AND SERVICES

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

	January to September		July to September	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Professional fees	**₱ 62,390,471**	₱ 32,842,956	**₱ 17,623,154**	₱ 16,486,845
Medical, pharmacy, laboratory and dietary supplies (Note 8)	**46,643,357**	22,120,755	**12,754,693**	9,704,189
Employees' compensation and other benefits	**35,170,353**	41,088,648	**10,626,900**	8,404,307
Depreciation	**16,594,480**	14,386,258	**5,531,494**	5,357,820
Communication, light and water	**6,305,915**	5,185,539	**2,247,508**	3,360,737
Outside services	**1,213,948**	2,908,304	**213,357**	1,799,301
Equipment rentals	**476,050**	-	**167,657**	-
	₱ 168,794,574	₱ 118,532,460	**₱ 49,164,763**	₱ 45,113,199

NOTE 18 - OPERATING EXPENSES

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

	January to September		July to September	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Officers' compensation	**₱ 27,000,000**	₱ 18,000,000	**₱ 9,000,000**	₱ -
Employees compensation and other benefits	**16,212,754**	14,952,258	**5,579,696**	8,373,274
Office and housekeeping supplies	**4,283,119**	2,241,172	**818,186**	670,871

Depreciation and amortization (Note 10)	**3,458,241**	3,741,545	**1,152,747**	2,719,906
Credit losses	**2,766,371**	-	**1,976,903**	-
Outside services	**1,593,391**	1,615,024	**540,282**	262,142
Communication, light and water	**1,576,479**	1,929,674	**561,877**	102,507
Advertising and promotions	**1,454,640**	2,271,918	**338,040**	630,000
Professional fees	**1,023,398**	592,411	**391,765**	271,278
Taxes and licenses	**1,002,060**	196,650	**340,140**	21,360
Transportation and travel	**703,287**	715,558	**183,521**	259,575
Repairs and maintenance	**690,961**	197,401	**48,314**	178,401
Insurance	**486,993**	-	-	-
Meetings and conferences	**310,125**	458,027	**28,221**	108,200
Fines and penalties	**178,653**	-	-	-
Representation	**32,780**	171,207	-	10,223
Dues and subscription	**24,570**	28,848	**3,000**	-
Rentals	-	172,200	-	83,000
Bank charges	-	880	-	780
Miscellaneous	**821,734**	163,877	**211,590**	4,719
	₱ 63,619,556	₱ 47,448,650	**₱ 21,174,282**	₱ 13,696,236

NOTE 19 - OTHER INCOME

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

	January – September		**July - September**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Rental income	**₱ 450,000**	₱ 610,000	**₱ 150,000**	₱ 550,000
Interest income	**852**	119,630	-	11,649
Miscellaneous income	**3,062,792**	2,306,549	**1,257,286**	878,350
	₱ 3,513,644	₱ 3,036,379	**₱ 1,407,286**	₱ 1,439,999

NOTE 20 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation and employee benefits were presented as follows:

September 30, 2023 (Unaudited)

	Cost of sales and services	**Operating Expense**	**Total**
Depreciation	**₱ 16,594,480**	**₱ 3,318,240**	**₱ 19,912,720**
Amortization	**-**	**140,001**	**140,001**
Employee benefits	**35,170,353**	**16,212,754**	**51,383,107**

September 30, 2022 (Unaudited)

	Cost of sales and services	Operating Expense	Total
Depreciation	₱ 14,386,258	₱ 3,624,878	₱ 18,011,136
Amortization	-	116,667	116,667
Employee benefits	41,088,648	14,952,258	56,040,906

NOTE 21 - RELATED PARTY TRANSACTIONS

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

September 30, 2023 (Unaudited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	**Payments**	**₱ -**		**Non-interest bearing; payable in cash or the Shareholders may apply them to their unpaid subscription; no scheduled repayment terms**	**Unsecured**
	Advances	**23,700,000**	**₱ 33,980,483**		

December 31, 2022 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	Payments	₱(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	₱ 10,280,483		

Cash Advances

The Company obtains cash advances from shareholders to finance its on-going construction of hospital building and working capital requirements. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Key Management Personnel Compensations

Officer's compensation for the nine months ended September 30, 2023 and 2022 amounted to ₱27,000,000 and ₱18,000,000, respectively.

NOTE 22 - INCOME TAXES

Income tax benefit for the nine months ended September 30 consists of:

	January – September		July – September	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Current	**₱ 1,120,764**	₱ -	**₱ 538,517**	₱ -
Deferred	**(11,924,449)**	(14,238,944)	**(1,360,026)**	(10,916,455)
	₱ (10,803,685)	₱ (14,238,944)	**₱ (821,509)**	₱ (10,916,455)

Reconciliation between statutory tax and effective tax follows:

	January – September		July – September	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Income tax at statutory rate	**₱ (10,803,525)**	₱ (14,209,036)	**₱ (821,509)**	₱ 1,633,809
Tax effect of income subject to final tax	**(213)**	(29,908)	**-**	(2,913)

Tax effect of non-deductible expenses	**53**	-	**-**	-
Effective income tax	**₱ (10,803,685)**	₱ (14,238,944)	**₱ (821,509)**	₱ 1,630,896

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

	January – September		**July - September**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Loss before tax	**₱ (43,214,100)**	₱ (56,836,145)	**₱ (3,286,036)**	₱ 6,535,236
Permanent differences:				
Interest income	**(852)**	(119,630)	**-**	(11,649)
Non-deductible expenses	**213**	-	**-**	-
Temporary differences:				
Credit losses	**2,766,371**	-	**1,976,903**	-
Application of NOLCO	**-**	-	**-**	-
Taxable loss	**(40,448,368)**	(56,955,775)	**(1,309,133)**	6,523,587
Tax rate	**25%**	25%	**25%**	25%
	₱ (10,112,092)	₱ (14,238,944)	**₱ (327,283)**	₱ 1,630,896

	January – September		**July – September**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Minimum Corporate Income				
Taxable gross income	**₱ 56,038,194**	₱ -	**₱ 26,925,852**	₱ -
Tax rate	**2%**	1%	**1%**	1%
	₱ 1,120,764	₱ -	**₱ 538,517**	₱ -

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

	January – September		**July – September**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Tax due (MCIT)	**₱ 1,120,764**	₱ -	**₱ 538,517**	₱ -
Less: Tax Credits				
Prior year excess credits	**(23,841)**	-	**-**	-
Income tax payable	**₱ 1,096,923**	₱ -	**₱ 538,517**	₱ -

Details of DTA follows:

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
DTA:		
DTA arising from MCIT	**₱ 1,416,909**	₱ 296,145
DTA arising from NOLCO	**28,016,348**	17,904,256
DTA arising from credit losses	**1,069,018**	377,425
	₱ 30,502,275	₱ 18,577,826

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

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

Year Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2023	2026	₱40,448,368	₱ -	₱ -	₱40,448,368
2022	2025	41,444,903	-	-	41,444,903
2021	2026	29,000,945	-	-	29,000,945
2020	2025	1,171,178	-	-	1,171,178
		₱112,065,394	₱ -	₱ -	₱112,065,394

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
2023	2026	₱ 1,120,764	₱ -	₱ -	₱ 1,120,764
2022	2025	296,145	-	-	296,145
		₱ 1,416,909	₱ -	₱ -	₱ 1,416,909

NOTE 23 - 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 ₱450,000 and ₱ 610,000 for the nine months ended September 30, 2023 and 2022, respectively. These are presented under other income in the statement of comprehensive income (loss) (Note 19).

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 ₱476,050 in 2022 (Note 17).

NOTE 24 - BASIC EARNINGS (LOSS) PER SHARE

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

	January – September		July – September	
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Income (loss) attributable to ordinary shares	**₱ (32,410,415)**	₱ (42,597,201)	**₱ (2,464,527)**	₱ 4,904,340
Divided by: Weighted average number of ordinary shares outstanding	**231,190**	218,600	**231,190**	218,600
Basic earnings (loss) per share	**₱ (140.19)**	₱ (194.86)	**₱ (10.66)**	₱ 22.44

NOTE 25 - 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 March 31, 2023 and December 31, 2022 based on contractual undiscounted payment.

	September 30, 2023 (Unaudited)			
	Within 3 months	**1 Year**	**Above 1 Year**	**Total**
Trade and other payables	**₱ 44,397,095**	**₱ 21,695,769**	**₱ -**	**₱ 66,092,864**
Loans payable	**11,863,695**	**50,588,772**	**721,378,096**	**783,830,563**

Advances from related parties	**-**	**33,980,483**	**-**	**33,980,483**
	₱ 56,,260,790	**₱ 106,265,024**	**₱721,378,096**	**₱ 883,903,910**

	December 31, 2022 (Audited)			
	Within 3 months	1 Year	Above 1 Year	Total
Trade and other payables	₱ 41,523,085	₱ 23,120,328	₱ -	₱ 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
	₱ 53,257,751	₱ 85,057,448	₱766,424,501	₱ 904,739,700

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 ₱601.562M and ₱625M as of September 30, 2023 and December 31, 2022, respectively, which are subject to interest rate repricing. (Note 14)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax	
	31-Sept-23	31-Dec-22
+1%	**₱ (6,015,625)**	₱ (6,250,000)
-1%	**6,015,625**	6,250,000

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and 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 September 30, 2023 and December 31, 2022.

Credit Quality per Class of Financial Asset

	September 30, 2023 (Unaudited)					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	=P 8,008,817	=P -	=P–	=P –	=P–	₱ 8,008,817
Trade and other receivables	-	3,103,885	-	22,171,484	-	25,275,369
	=P 8,008,817	=P 3,103,885	₱–	₱22,171,484	₱–	=P 33,284,186

	December 31, 2022 (Audited)					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P= 10,390,293	P= –	P= –	P= –	P= –	P= 10,390,293
Trade and other receivables	1,424,249	2,348,061	–	15,121,459	–	18,893,769
	P= 11,814,542	P= 2,348,061	P= –	P= 15,121,459	P= –	P= 29,284,062

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

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

	31-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Cash	**₱ 8,008,817**	₱ 10,390,293
Trade and other receivables	**25,275,369**	18,893,769
	₱ 33,284,186	₱ 29,284,062

Cash excludes petty cash fund and cash on hand amounting to ₱50,000 for September 30, 2023 and December 31, 2022, respectively

(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

<u>Trade Receivables</u>

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 September 30, 2023 and December 31, 2022 was determined based on months past due, as follows for trade receivables:

September 30, 2023 (Uaudited)

	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	₱ 3,103,885	₱ 6,373,158	₱ 4,842,258	₱ 5,134,927	₱ 3,268,535	₱ 2,552,606	₱ 25,275,369
Loss allowance	**₱ 62,078**	**₱ 318,658**	**₱ 338,958**	**₱ 513,493**	**₱ 490,280**	**₱ 2,552,606**	**₱ 4,276,073**

December 31, 2022 (Audited)

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

A reconciliation of the closing loss allowance for trade receivables as at September 30, 2023 and December 31, 2022 are presented below:

	31-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Balance at January 1	**₱ 1,509,702**	₱ -
Credit losses	**2,766,371**	1,509,702
Recovery of allowance	**-**	-
Balance, December 31	**₱ 4,276,073**	₱ 1,509,702

<u>Other Receivables</u>

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 26 - CAPITAL MANAGEMENT

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

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

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

	30-Sept-23 (Unaudited)	31-Dec-22 (Audited)
Total current liabilities	**₱ 133,844,829**	₱ 165,685,215
Total non-current liabilities	**570,312,500**	593,750,000
Total liabilities (a)	**704,157,329**	759,435,215
Total equity (b)	**₱ 344,072,455**	₱ 308,178,707
Debt-to-equity ratio (a/b)	**2.05:1**	2.46:1

NOTE 27 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at September 30, 2023 and December 31, 2022:

		September 30, 2023 (Unaudited)			
			Fair Value		
	Note	**Carrying Amount**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed:					
Cash	**6**	**₱ 8,008,817**	**₱ -**	**₱ 8,008,817**	**₱ -**
Trade and other receivables	**7**	**20,999,296**	**–**	**20,999,296**	**–**
		₱ 29,008,113	**₱ -**	**₱ 29,008,113**	**₱ –**
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	**12**	**₱ 66,092,864**	**₱ –**	**₱ 66,092,864**	**₱ –**
Loans payable	**14**	**601,562,500**	**–**	**601,562,500**	**–**
Advances from related parties	**21**	**33,980,483**	**–**	**33,980,483**	**–**
		₱ 701,635,847	**₱ –**	**₱ 701,635,847**	**₱ –**

		December 31, 2022 (Audited)			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 10,390,293	₱ -	₱ 10,390,293	₱ -
Trade and other receivables	7	17,384,067	–	17,384,067	–
		₱ 27,774,360	₱ -	₱ 27,774,360	₱ –
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	12	₱ 64,643,413	₱ –	₱ 64,643,413	₱ –
Loans payable	14	625,000,000	–	625,000,000	–
Advances from related parties	21	10,280,483	–	10,280,483	–
		₱699,923,896	₱ –	₱699,923,896	₱ –

Cash excludes petty cash fund and cash on hand amounting to ₱50,000 for September 30, 2023 and December 31, 2022, respectively

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

NOTE 28 - OTHER MATTERS

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

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

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

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

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

The key assumptions concerning the future and other key sources of estimation used the preparation of the unaudited interim financial statements are consistent with those followed in preparation of the Company's annual financial statements as of and for the year ended December 31, 2022.

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

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

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

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

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

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

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

Current Ratio

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Total current assets	₱	**53,570,548**	₱	51,113,456
Total current liabilities		**133,844,829**		109,268,092
Current ratio		**0.4:1**		0.468:1

Quick Ratio

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Total liquid asset	₱	**48,228,667**	₱	27,824,360
Total current liabilities		**133,844,829**		109,268,092
Quick ratio		**0.36:1**		0.255:1

Working Capital to Total Asset

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Working capital	₱	**(80,274,281)**	₱	(58,154,636)
Total assets		**1,048,229,784**		1,053,900,962
Working capital ratio		**-0.077:1**		-0.055:1

Solvency Ratio

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Net income (loss) after tax + Depreciation and amortization	₱	**(12,357,696)**	₱	(9,112,029)
Total liabilities		**704,157,329**		703,018,092
Solvency ratio		**-0.018:1**		-0.013:1

Debt-to-equity Ratio

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Total liabilities	₱	**704,157,329**	₱	703,018,092
Total equity		**344,072,455**		350,882,870
Debt-to-equity ratio		**2.047:1**		2.004:1

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

Asset-to-equity Ratio

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total assets	**₱ 1,048,229,784**	₱ 1,053,900,962
Total equity	**344,072,455**	350,882,870
Asset to equity ratio	**3.047:1**	3.004:1

Interest Rate Coverage Ratio

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Pre-tax profit (loss) before interest	**₱ (7,580,510)**	₱ (23,970,507)
Interest	**35,633,590**	31,964,747
Interest rate ratio	**-0.213:1**	-0.75:1

Profitability Ratios

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net profit (loss) after tax	**₱ (32,410,415)**	₱ (42,597,201)
Total equity	**344,072,455**	299,406,735
	-0.094:1	-0.142:1

a.) Return on asset ratio

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net income (loss) after tax	**₱ (32,410,415)**	₱ (42,597,201)
Average assets	**1,051,065,373**	1,042,986,637
	-0.031:1	-0.041:1

b.) Return on equity ratio

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net profit (loss) after tax	**₱ (32,410,415)**	₱ (42,597,201)
Average equity	**321,739,595**	264,102,030
	-0.101:1	-0.161:1

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

c.) Gross Profit Margin Ratio

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net profit (loss) before tax	**₱ (43,214,100)**	₱ (56,836,145)
Gross profit	**52,525,402**	(12,423,874)
	-0.823:1	4.575:1

d.) Net Profit Margin

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net profit (loss) after tax	**₱ (32,410,415)**	₱ (42,597,201)
Revenue	**221,319,976**	106,108,586
	-0.146:1	-0.401:1

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As at September 30, 2023

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

Unappropriated Retained Earnings (Deficit), ***as adjusted to available for dividend distribution, beginning of the year***		**(₱60,881,130)**
Add: Net income actually earned/realized during the period		**(32,410,415)**
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	-	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviattion from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	-
Net income actually earned during the period		**(32,410,415)**
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	-	-
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		**₱ - nil -**