COVER SHEET

CS201702182
SEC Registration Number

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - PALAWAN INC.
(Company's Full Name)

JOMARI BUILDING B 2ND FLR MALVAR ST. PUERTO PRINSESA CITY PALAWAN
(Business Address: No. Street City/Town/Province)

DRA. EDITHA MIGUEL
Contact Person

(048) 717-000-19
(Company Telephone Number)

12	31
Month	*Day*

(Fiscal Year)

SEC FORM 17-Q
(Form Type)

First Sunday of March
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

101
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

SEC Number : CS201612055

File Number :

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

(Company's Full Name)

JOMARI BLDG.B2F, MALVAR ST., PUERTO PRINCESA CITY, PALAWAN -5300

(Company's Address)

009-533-707

(TIN Number)

(048) 717-0019 / 09171200913 / 09273646018

(Telephone Number)

(Fax Number)

SEC FORM 20-IS

DEFINITIVE INFORMATION STATEMENT

Form Type

Each Active Secondary License Type and File Name: NONE

NOTICE OF THE ANNUAL STOCKHOLDERS MEETING
OF
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN INC.

DEAR STOCKHOLDERS:

Please take notice that the Annual Meeting of Stockholders of Allied Care Experts (ACE)Medical Center -Palawan Inc. will be held on December 12, 2022 at 8:00 in the morning; the meeting will be conducted via Zoom Webinar. Kindly confirm your presence for the meeting by registering on or before December 2, 2022.

To register for the meeting, click the link below:

https://us02web.zoom.us/j/86013622935?pwd=QnFvZTdJdGRENDJZbnB2QUtvSllsQT09

The link will provide you the process for the registration. You will receive a confirmation email once you have successfully registered in the platform, including the details and procedures in the conduct of the meeting. Voting will be done via the online tool which you can access once you have logged in to the zoom meeting. The host will launch the following voting link during the meeting, where participants will be prompted to cast their votes.

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

1. Call to Order
2. Determination of Quorum
3. Reading and Approval of the Minutes of the Y2021 Annual Stockholders' Meeting
4. Presentation and approval of the Y2021 Audited Financial Statement
5. President's Report
6. Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation from April 12, 2021 to December 2, 2022.
7. Amendment of Section 1 Articles II of the by Laws, change of principal office address
8. Amendment of Article VII of the Articles of Incorporation increase in authorized capital stock
9. Election of Directors for Y2022-2023
10. Appointment of External Auditor 2022
11. Other Matters
19. Adjournment

Only stockholders of record at the close of business on November 22, ,2022 (Record Date) shall be entitled to notice of and to vote at the meeting. If you cannot personally attend the meeting, you may opt to send your proxy to attend in your behalf. Kindly submit your duly executed proxy form with the undersigned, via email, at palawanacegroup@gmail.com not later than December 2, 2022, to enable your proxy to register in the Zoom Webinar. A sample of the proxy form is available at the Corporation's website for your reference. [NOTE: Management is not soliciting proxies]

The Information Statement and Management Report and SEC Form 17-A is available at the Corporation's website.

You may contact the undersigned via email at palawanacegroup@gmail.com or through telephone number: 0917 120 0913, if you have inquiries or concerns regarding the meeting.

Very truly yours,

SONIA J. ULANDAY
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-1S
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [**x**] Definitive Information Statement

2. Name of Registrant as specified in its charter: **ALLIED CARE EXPERTS(ACE) MEDICAL CENTER-PALAWAN INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **CS201702182**

5. BIR Tax Identification Code: **009-533-707**

6. Address of Principal Office: Postal Code: **5300**
   JOMARI BLDG. B2F, MALVAR ST., PUERTO PRINCESA CITY, PALAWAN

7. Registrant's telephone number, including area code: **(048) 717-0019**

8. Date, time and place of the meeting of security holders:

   Date : December 12, 2022
   Time : **8:00 a. m.**
   Place : Via Zoom Webinar

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 17, 2022**

10. In case of Proxy Solicitations: NOT APPLICABLE

    Name of Person Filing the Solicitation Statement:
    Address and Tel. No. :

11. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
FOUNDERS SHARE, P1,000 PAR VALUE	**600 SHARES**
COMMON SHARE, P1,000 PAR VALUE	**218,000 SHARES/ Php 788,420,636**

12. Are any or all registrant's securities listed in a Stock Exchange?
    Yes ___ No x

    The common stocks are listed in the Philippine Stock Exchange.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, time and place of meeting of security holders.

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

Date : **DECEMBER 12, 2022**
Time : **8:00 a. m.**
Place : **Via Zoom Webinar**

Complete Mailing Address of Principal Office of Registrant:
Jomari Bldg., B2F, Malvar St., Puerto Princesa City, Palawan

(b) The approximate date on which the information statement is first to be sent and given to security holders shall be **November 17, 2022**.

Dissenter's Right of Appraisal

The proposed amendment of the Company's Articles of Incorporation, particularly, Article VII, increasing the authorized capital stock from Php240,000,000.00 to Php300,000,000.00 and its By-laws, particularly, Section 1, Article II thereof, changing the date of its annual stockholders meeting from First Sunday of March each year to every 4th Friday of August each year ,may give rise to a possible exercise of Appraisal Right. Under Section 80, Title X of the Revised Corporation Code of the Philippines, the stockholders of the Corporation have the right of appraisal under the following instances:

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

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate of stock representing the stockholders shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

The increase in authorized capital stock is required by the Development Bank of the Philippines in connection with the Company's Loan Agreement with the said Bank. On the other hand, the Board is recommending the change in the date of the annual stockholders meeting to allow the company sufficient time to prepare the reports for the meeting.

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

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

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of **September 30, 2022**:

	Shares Outstanding	No. of Vote Each Share Is Entitled
Common Shares:		
Filipino	**218,000**	**One (1) vote per share**
Foreign	**0**	**One (1) vote per share**
Total	**218,000**	

(b) Record Date:
All stockholders of record as of **November 22, 2022,** are entitled to notice of and to vote at the Annual Stockholders' Meeting.

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

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

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

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

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Founder	Enriquez, Michael Edward R. Quezon City, Son	Amado Manuel C. Enriquez Father	Filipino	13, 600	5.67%
Common Founder	Enriquez, Miguel Antonio R. Quezon City, Son	Amado Manuel C. Enriquez Father	Filipino	13, 600	5,67%

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

(1) Title of Class	(2) Name of Beneficial Owner	Position	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) Percentage (%) of Class
	Board of Directors:				
Common	**Amado Manuel C. Enriquez, Jr**	Director	Direct 3,390,000 Indirect 16,950,000 Common 20,340,000	Filipino	8,51%
Common	**Acosta, Karen A.**	Director	Direct 3,390, 000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Carlos, Fernando P.**	Director	Direct 3,390,000 Founder 10,000 Common 3.400,000	Filipino	1.42 %
Common	**Cerna-Lopez, Geanie A**	Director	Direct 6,780,000 Founder 20,000 Common 6,800,000	Filipino	2.83 %
Common	**Dalingding, Frederick F.**	Director	Direct 3.390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Enriquez, Michael R.**	Director	Direct 13,560,000 Founder 40,000 Common 13,600,000	Filipino	5.67 %
Common	**Felizarte, Lorna B.**	Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Miguel, Editha C.**	Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Palanca, Lumen R**	Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Reyes, Rosalie M.**	Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Samoy, Maarrieta T.**	Director	Direct 6,780,000 Founder 20,000 Common 6,800,000	Filipino	2.83 %
Common	**Tagra, Mina Sirikit**	Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common	**Ulanday, Sonia J.**	Director	Direct 3, 390, 000 Founder 10, 000 Common 3,400,000	Filipino	1.42 %
Common	**Vicente, Ivan Michael G.**	Director	Direct 3,390, 000 Founder 10, 000 Common 3,400,000	Filipino	1.42 %
Common	**Viernes, La Rhain G.**	Director	Direct 3. 390.000 Founder 10,000 Common3,400,000	Filipino	1.42 %
Total for Directors			**67,940,*000.00***		35.46 %

Executive Officers:					
Common Shares	**Editha C. Miguel**	President Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common Shares	**Frederick F. Dalingding**	Vice-President Director	Direct 3. 390,000 Founder 10,000 Common3,400,000	Filipino	1.42 %
Common Shares	**Sonia J. Ulanday**	Secretary Director	Direct 3, 390,000 Founder 10,000 Common 3,400,000	Filipino	1.42.%
Common Shares	**Lumen T. Palanca**	Treasurer Director	Direct 3,390,000 Founder 10,000 Common 3,400,000	Filipino	1.42 %
Common Shares	**Marrieta T. Samoy**	Assistant Treasurer Director	Direct 6,780,000 Founder 20,000 Common 6,800,000	Filipino	2.83 %
Total for Officers			**20, 390, 000**		**8. 51 %**

Common Shares	**Directors and Exec. Officers as a Group**		67,940,000		35.46 %

(3) There are no voting trust holders of 5% or more.
(4) The Company is not aware of any voting trust agreement/s or similar agreement/s which may result in a change in control of the Company.

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

Directors and Executive Officers

(a) Directors/Nominees and Executive Officers

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

Enriquez, Amado Manuel Jr. C
Acosta, Karen A.
Carlos, Fernando P.
Cerna-Lopez, Geanie A.
Dalingding, Frederick F.
Enriquez, Michael Edward R,
Felizarte, Lorna B. .- Independent Director
Miguel, Editha C.
Palanca, Lumen R.
Reyes, Rosalie M. - Independent Director
Samoy, Marrieta T.
Tagra, Mina Sirikit C. – Independent Director
Ulanday, Sonia J.
Vicente, Ivan Michael G.
Viernes, La Rhaine G.

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

Enriquez, Amado Manuel Jr. C
Acosta, Karen A.
Carlos, Fernando P.
Cerna-Lopez, Geanie A.
Dalingding, Frederick F.
Enriquez, Michael Edward R,
Salvame, Eryll O. - Independent Director
Miguel, Editha C.
Palanca, Lumen R.
Soler , Charlemagne C. - Independent Director
Samoy, Marrieta T.
Tagra, Mina Sirikit C. – Independent Director
Ulanday, Sonia J.
Vicente, Ivan Michael G.
Viernes, La Rhaine G.

The Company has complied with the guidelines on the nomination and election of independent directors as set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The independent directors, Eryll O. Salvame , Charlemagne C. Soler and Mina Sirikit Tagra were nominated by Ivan Michael G. Vicente., Lumen R. Palanca and La Rhaine G. Viernes , respectively. The nominees are not related to their respective nominating stockholder and were pre-screened by the Nominations Committee composed of Frederick Dalingding, Lumen Palanca, and Mina Sirikit Tagra.

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

Amado Manuel C. Enriquez	- Chairman
Editha C. Miguel	- President

Frederick F. Dalingding	- Vice- President
Sonia J. Ulanday	- Corporate Secretary
La Rhaine G. Viernes	- Asst. Secretary
Lumen Palanca	- Treasurer
Marietta T. Samoy	-Asst. Treasurer

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

Please refer to attached Annex "A" (pages 13 to 16) for the summary of qualifications of the current Directors/Nominees and Executive Officers.

Significant Employees

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

Family Relationships

Dr. Amado Manuel C. Enriquez, Jr., is the father of Michael Edward R. Enriquez and the cousin of Dr. Fernando P. Carlos. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

Certain Relationships and Related Transactions

During the last two (2) years, no director of the Company has received or become entitled to receive any benefit by reason of any contract with the Company, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

September 30, 2022 (Unaudited)

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

December 31, 2021 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Founders/Shareholders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	
	Conversion to equity	(84,000,000)	₱54,798,338		Unsecured

Receivable from ACEMC-Dagupan, Inc

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

Cash Advances

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

Involvement in Certain Legal Proceedings

The Company is not involved in any legal proceedings.

Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE..

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	**Year**	**Salary**	**Bonus**	**Other Compensation**
A. Chairman	2021	P 240,000.00	-	-
B. President	2021	P 240,000.00	-	-
C. Vice-President	2021	P 160,000.00		
D. Corporate Secretary	2021	P 160,000.00	-	-
E. Treasurer	2021	P 120,000.00	-	-
F. Aggregate For The Above Named CEO & Officers	**2022-Estim.**	P 2,000,000.00	-	-
	2021	P 2,000,000.00	-	-
	2020	-	-	-
G. Aggregate For The Officers And Directors As A Group	**2022-Estim.**	P 2,000,000.00	-	-
	2021	P 2,000,000.00	-	-
	2020	-	-	-

a. Except for per diem (P1,000.00/board meeting) for each director during board meetings, there are no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

A compensation package was approved by the Board on Jan. 27, 2022 the P 2,000,000.00 monthly compensation budget for founders/ officers to be effective on Sept. 2021 for the following officers, and during the BOD meeting last Aug. 14, 2022 the BOD decided to increase the compensation budget from 2 million to 3 million.

Position	Effective Sept. 2021	Effective Jan 2022
Chairman	P 60,000.00 monthly	P 90,000.00 monthly
President	P 60,000.00 monthly	P 90,000.00 monthly
Vice-President	P 40,000.00 monthly	P 60,000.00 monthly
Treasurer	P 40,000.00 monthly	P 60,000.00 monthly
Asst. Corporate Secretary	P 30,000.00 monthly	P 45,000.00 monthly
Asst. Treasurer	P 30,000.00 monthly	P 45,000.00 monthly

b. The Company has a registered, non-contributory retirement plan. All regular employees are covered from the President down to rank and file.
c. The Company has no existing options, warrants or rights to purchase any securities.

(c) Independent Public Accountants

The Company's external auditor is the auditing firm of **Perez Sese Villa and Co**. The same auditing firm is being recommended by the Board, based on the recommendation of the Audit Committee composed of Dr. Lorna Boglosa Felizarte (Chairman), Dr. Rosalie Reyes (Independent Director) and Dr. Ivan Michael Vicente subject to stockholders' approval, for re-appointment as the Company's external auditor for the fiscal year 2022, for a fee of Php 250,000.00 (exclusive of VAT and out-of-pocket expenses).

a. The Audit committee evaluates proposals based on the quality of service, commitment for deadline and fees. The committee may require a presentation from each proponent to clarify some issues.
b. **Perez Sese Villa and Co.**, represented by its engagement partner, is the external auditor of the Company for the most recently completed year 2021. Pursuant to SRC Rule 68 (3) (b) (iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC) (re: rotation of external auditors), the Company has not engaged for more than five years.
c. Representatives of **Perez Sese Villa and Co.** are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.
d. During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.
e. The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor are as follows:
   For the year 2021- P220,000.00 (billed and paid in 2021 and 2022)
   For the year 2020- P280,000.00 (billed and paid in 2020 and 2021)
f. The above audit fees are inclusive of the following: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's financial statements (P150,000.00); and (b) All Other Fees, including estimated out of pocket expenses accrued by the Company as of March 31, 2022 (P15,000.00).

The Audit Committee has the function of assessing the independence and professional qualifications of the external auditor, in compliance with the requirements under applicable law, rules and regulations; reviewing the performance of the external auditors; and recommending to the Board of Directors the appointment or discharge of external auditors as well as reviewing and approving audit related and non-audit services to be rendered by external auditors. Prior to the commencement of the audit, the Audit Committee shall discuss, review and recommend with the external auditors the nature, scope and fees of the audit, and ensure proper coordination, if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

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C. OTHER MATTERS

Action with Respect to Reports

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

i. Minutes of the March 7, 2021 Annual Stockholders' Meeting. The Minutes cover the following items:

- **I.** Call to Order
- **II.** Invocation
- **III.** Roll Call & Declaration of Quorum
- **IV.** Reading and approval of the minutes of the previous stockholder`s meeting
- **V.** Approval of the day`s agenda
- **VI.** Construction Update
- **VII.** Treasurer`s Report
- **VIII.** President`s Report
- **IX.** Election of Directors for the year 2021-2022
- **X.** Others
- **XI.** Adjournment

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

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

Other Proposed Actions

1. Ratification of all corporate acts and resolutions during the past year of the Board, Officers and Management. These acts are covered by resolutions duly adopted in the usual course of business such as opening of bank accounts and designation of authorized signatories for various transactions, etc.:

Date	Corporate Act
January 27,2022	Termination of a Probationary Employee
	Approval of 2 million pesos monthly compensation budget for Founders/ Officers.
February 24,2022	Postponement of ASM from March 6,2022 to August 26,2022 via zoom @ 9:00 AM
February 24,2022	Approval of changing the date of the Annual Stockholder's Meeting from first Sunday of March each year to every 4th Friday of August each year. Approval to Acquire credit card swiped machine (Metro Bank) Grant of authority to Dr. Editha C. Miguel, President of ACEMC Palawan Inc. , to enter and sign into a Memorandum of Agreement (MOA) In behalf of Allied Care Experts (ACE) Medical Center Palawan Inc. with the Development Bank (DBP) Puerto Princesa Branch, Puerto Princesa City, Palawan., for deposit pick up,ATM Installation and payroll servicing, and othe document relative thereto. Approval of Opening of two current accounts with DBP for PHIC,

March 24,2022	Approval of twenty (20) pcs CTV Cable Control units
May 26,2022	Approval to execute an addendum to the lease agreement dated August 13,2021 with Oxytec Solutions where the lessor waves the rentals for the period March 1,2022 to June 2022.
May 26,2022	Approval for the Acquisition of Medical Equipment from MEDTRACK Corporation
June 29,2022	Postponement of the ASM from August 26 to September 30,2022 via zoom 9:00 AM
July 27,2022	Requesting Land Bank of the Philippines to Activate the Land bank Account # 3632102118 of ACEMC Palawan Inc.
August 14,2022	Postponement of the ASM from September 30,2022 to December 12,2022 via zoom Approval of the Increase in Authorized Capital from 240 million to 300 million. Increase in compensation package for officers to a total Php3,000,000.00, as follows: Chairman P 90,000.00 monthly President P 90,000.00 monthly Vice-President P 60,000.00 monthly Corporate Secretary P 60,000.00 monthly Treasurer P 60,000.00 monthly Asst. Corporate Secretary P 45,000.00 montlhy Asst. Treasurer P 45,000.00 monthly
August 24,2022	Approval of the Memorandum of Agreement between ACEMC Palawan Inc. and DSWD-Field Office IV- MIMAROPA .
October 2,2022	Approval to open a local current account at BPI PPC Branch.

2. Amendments:

   -Article VII of the Articles of Incorporation, increasing the authorized capital stock from Php 240,000,000.00, consisting of 600 Founders Shares and 239,400 Common Shares, to Php 300,000,000.00, consisting of 600 Founders Shares and 299,400 Common Shares.

   The increase is required by the Development Bank of the Philippines, in connection with the Company's loan agreement with the said bank.

   -Article II, Sections VII of the By-laws of the Corporation, changing the date of the annual stockholders meeting from First Sunday of March each year to every 4th Friday of August each year; the change is intended to give ample time in the preparation of the reports/materials to be presented during the said meeting.

3. Election of Directors including Independent Directors for Y2022-2023
4. Appointment of External Auditor for fiscal year ending 31 December 2022

Amendment of Charter, By-Laws and other Documents

The Board, in its meetings on February 24, 2022 and August 14, 2022, approved the amendment of Article VII of the Articles of Incorporation and Section 1, Article II, of the By-laws of the Corporation, as follows:

Section 1, Article II (Bylaws)

- Change in the date of the annual stockholders meeting from First Sunday of March each year to every 4th Friday of August each year; the change is aimed at allowing the Company sufficient time to complete the reports and materials to be presented at the annual stockholders meeting.

Article VII (Articles of Incorporation)

-Increase in authorized capital stock from Php 240,000,000.00, consisting of 600 Founders Shares, 0 Preferred Shares and 239,400 Common Shares, to Php 300,000,000.00, consisting of 600 Founders Shares, 0 Preferred Shares and 299,400 Common Shares.

The increase is required by the Development Bank of the Philippines, in connection with the Company's loan agreement with the said bank.

Voting Procedures

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

Method of Counting Votes

The Corporate Secretary, assisted by the Company's external auditor, will be responsible for counting the votes.

Compliance with Section 49, RCC

Voting was done online during the annual stockholders meeting. The votes were counted manually by the Corporate Secretary assisted by the Company's Accountant.

	Name of nominees	No. of Votes
	AMADO MANUEL C. ENRIQUEZ JR. ,MD.	153,000
	EDITHA C. MIGUEL, MD.	153,000
	FREDERICK F. DALINGDING ,MD.	153,000
	SONIA J. ULANDAY,MD.	153,000
	LA RHAINE G. VIERNES, MD.	153,000
	LUMEN R. PALANCA , MD.	153,000
	MARIETTA T. SAMOY, MD.	153,000
	FERNANDO CARLOS,MD.	153,000
	MICHAEL EDWARD R. ENRIQUEZ , MD.	153,000
	KAREN A. ACOSTA, MD.	153,000
	GEANIE CERNA- A. LOPEZ,MD.	153,000
	IVAN MICHAEL G. VICENTE,MD.	153,000
	LORNA B. FELIZARTE, MD	153,000

	ROSALIE M. REYES, MD.	153,000
	MINA SIRIKIT TAGRA, MD.	153,000

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

The following matters were taken up:

I. Call to Order

II. Invocation

III. Roll Call & Declaration of Quorum

IV. Reading and approval of the minutes of the previous stockholder`s meeting

V. Approval of the day`s agenda

VI. Construction Update

VII. Treasurer`s Report

VIII. President`s Report

IX. Election of the Board of Directors for the year 2021-2022

X. Others

XI. Adjournment

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

Attached as Annex "D" is the list of the directors, officers and stockholders who attended the meeting.

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

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

PERFORMANCE ASSESSMENT FOR THE BOARD OF DIRECTORS
(January 1, 2021- December 31, 2021)

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

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

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Puerto Princesa, Palawan on **November 10, 2022**.

ALLIED CARE EXPERTS(ACE) MEDICAL CENTER-GENSAN INC.
By:

Sonia J. Ulanday, MD
Corporate Secretary

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

Allied Care Experts(ACE) Medical Center -Palawan Inc.
[address]

Attention: The Corporate Secretary

ANNEX "A"

INCUMBENT BOARD OF DIRECTORS/NOMINEES: (Please update information particularly, the age)

Name	Business and Professional Work Experience
Enriquez, Amado Manuel Jr. C. 70y/o Filipino	Chairman of the Board – Manila East Medical Center (2007-2008, 2017); Paranaque Doctors Hospital (2012-2017); ACE Medical Center Baypointe, Subic (2007-2011); Unihealth Paranaque Hospital (2014-2017); Alaminos Medical Center Foundation (2001-present) Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Palawan, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Iloilo, ACE Medical Center Tacloban, ACE Medical Center Bohol, ACE Medical Center Dumaguete, ACE Medical Center Bacolod, ACE Medical Center General Santos, ACE Medical Center CDO, ACE Medical Center Dipolog, ACE Medical Center Zamboanga, ACE Medical Center Butuan Active consultant in Cardiovascular-Thoracic Surgery – St. Lukes Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.
Acosta, Karen A. 44 y/o, Filipino	Consultant – MMG Cooperative Hospital, Puerto Princesa City Consultant – Adventist Hospital, Palawan Treasurer- Palawan Medical Society
Carlos, Fernando P. 61 y/o. Filipino	President ACE Medical Center Pateros(2011-2018), President ACE Medical Center Q.C (2012-President), President ACE Medical Center Tacloban (2014-Present), President ACE Medical Center Dipolog (2017-Present)
Cerna-Lopez, Geanie C. 69 y/o, Filipino	President – ACE Medical Center -Cebu (2017-Present) President – Las Pinas City Medical Center, Medical Director- Unihealth Paranaque, Management Consultant – Medical Center Muntinlupa, Past President – Medical Center Muntinlupa (2016), Past Hospital Admin – UniHealth Paranaque Hospital (2016) and Las Pinas City Medical Center (2016); Past president Paranaque Doctors Hospital (2015) Hospital Affiliations: 1. ACE Hospitals 2. Paranaque Doctors Hospital 3. Unihealth Paranaque Hospital and Medical Centre

	4. Las Pinas City Medical Centre 5. Medical Centre Muntinlupa Asian Hospital and Medical Centre
Dalingding, Frederick F. 44 y/o, Filipino	Consultant – MMG Cooperative Hospital, Puerto Princesa City Consultant – Adventist Hospital, Palawan Medical Specialist – Ospital ng Palawan
Enriquez, Michael Edward 36 y/o, Filipino	Hospital Administrator ACE Medical Center Valenzuela, Vice President ACE Medical Center Q.C, Vice President ACE Medical Center Pateros
Felizarte, Lorna B. 62 y/o, Filipino	Owner/Manager, Boglosa's Birthing Home, Puerto Princesa City Consultant – MMG Cooperative Hospital, Puerto Princesa City Consultant – Adventist Hospital, Palawan Consultant – Ospital ng Palawan Member, Ethics Committee MMG Cooperative Hospital Palawan
Miguel, Editha C. 68 y/o, Filipino	DOH – Co-chair Country Coordinating Mechanism (CCM) for Global Fund 2017 Member, Board of Regents Palawan State University 2016-2020 Member, Finance Committee, Palawan State University Member, Board of Trustees Philippine Campus Crusade for Christ Consultant- 2017-2018 Consultant -Ospital ng Palawan 1992-2020 Consultant – Adventist Hospital Palawan 1997-2020 President- Council of Presidents ACEMC 2019-2020
Palanca, Lumen Riego De Dios 64 y/o, Filipino	2013-2020 Treasurer, Palawan Medical Society 2017 to present Treasurer, ACEMC Palawan, Inc. Consultant, Adventist Hospital Palawan Consultant – MMG Cooperative Hospital, Puerto Princesa
Reyes, Rosalie M. 60 y/o, Filipino	Consultant – MMG Cooperative Hospital, Puerto Princesa City Consultant – Adventist Hospital, Palawan Private Practice, Reyes Clinic
Samoy, Marietta T. 65 y/o, Filipino	President – Allied Care Experts (ACE) Medical Center Mandaluyong (2016-Present) President – Allied Care Experts (ACE) Medical Center Legazpi, Inc. (2016-Present) President – Allied Care Experts (ACE) Medical Center Bayawan (2017-Present) Medical Director – Paranaque Doctors Hospital (2016-2017) President – Uni-Health Paranaque Hospital and Medical Center Hospital Administrator – Las Pinas Medical Center Muntinlupa (2017) Hospital Affiliations: 1. ACE Hospitals 2. Paranaque Doctors Hospital 3. Unihealth Paranaque Hospital and Medical Center 4. Las Pinas Medical Center Medical Center Muntinlupa
Tagra, Mina Sirikit 61 y/o, Filipino	Medical Director, Pharmacist, OB-Gyne Sonologist, Obstetrician Gynecologist – Claridad Pharmacy Finance Officer, Husai and Health Beauty Haven and Spa Proprietor, Home Stay Real Pension House Proprietor, Mina's Place Tacloban City
Ulanday, Sonia J.	Fellow, Philippine Pediatric Society

52 y/o, Filipino	Fellow, Philippine Academy of Pediatric Pulmonolgist Master in Management major in Hospital Administration Medical Specialist III, Ospital ng Palawan Chair, Department of Pediatrics, Ospital ng Palawan Consultant, Adventist Hospital Palawan, MMG Cooperative Hospital
Vicente, Ivan Michael G. 40 y/o, Filipino	2012-2014 Fellow, UP-PGH Section of Gastroenterology 2014 to present – Internist-Gastroenterologist in Adventist Hospital Palawan, Palawan Medical City and MMG Cooperative Hospital
Viernes, La Rhaine G. 54 y/o, Filipino	Board Secretary – ACE Tacloban (2015-present) Board Assistant Secretary – ACE Palawan (2017-present) Active Consultant – MMH Hospital Tacloban City (2014-2015) Training Officer – RTR Hospital, Tacloban City (2014-2015) Training Officer – Department of Pediatrics, Bethany Hospital (2003-2013) Pediatric Consultant – Department of Pediatrics, RTR Hospital Tacloban City (2001-present) Committee Member, Therapeutics & Pharmacy Committee – Bethany Hospital
Soler, Charlemagne C. 35 y/o , Filipino	New nominees Independent Director, ACEMC Palawan Inc. (2022-2023) House Physician – Palawan Adventist Hospital –May 2016 Residency Training in Internal Medicine- Dr. Jose N. Rodriguez Memorial Hospital and Sanitarium, Tala, Caloocan City –(2017-2020
Salvame, Eryll O. 32 y/o, Filipino	New nominees Independent Director, ACEMC Palawan Inc. (2022-2023) Community Pharmacist Intern @ Mercury Drug Corporation, Quezon City -2008 Hospital Pharmacist Intern @ Lung Center of the Philippines, Quezon City-2009 Quality Control Analyst; Production Supervisor Intern 2 Novagen Pharmaceutical Inc., Pasig City- 2010 Philippine General Hospital, Post –Graduate Internship – 2015-2016 Manila Doctor's Hospital Department of Otorhinolaryngology, Residency Training – 2017-2021 Manila Doctor's Hospital Department of Otorhinolaryngology -2021

INCUMBENT OFFICERS

1. **AMADO MANUEL C. ENRIQUEZ, JR.** – Chairman, see foregoing Director's Profile

2. **EDITHA N. MIGUEL**- President, see foregoing Director's Profile

3. **SONIA J. ULANDAY** – Corporate Secretary, see foregoing Director`s Profile
4. **LUMEN R. PALANCA** – Treasurer , see foregoing Director`s Profile

ANNEX "B"

MANAGEMENT REPORT

A. Description of Business

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. A Certificate of Permit to Offer Securities for Sale was issued on March 29, 2021 and was published in Manila Times on April 13, 2021.

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 05_May 2017, ground breaking ceremony for the construction of this health facility was held. It is the 11th project of ACE Group of Hospitals located nationwide, 14 in Luzon, 10 in Visayas and 6 in Mindanao. Allied Care Group is currently establishing 7 more new medical centers nationwide.

ACEMC Palawan is a Level 2 medical center with a 100-bed capacity in an 8-storey building with basement, with a total floor area of 16,538 sq.m constructed on a 7,072 sqm. property located in the center of Puerto Princesa City, along South National Highway, Barangay San Pedro, Puerto Princesa City, Palawan.

The current pandemic resulted to delays in construction brought about by delays in delivery of materials. Five years after its ground breaking ceremonies, ACEMC Palawan was structurally finished. On December 9, 2021, the Department of Health officially visited the hospital for inspection. A The License to Operate was granted on January 19, 2022. The doors were finally opened on February 15, 2022.

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

September 30, 2022 (Unaudited)

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

December 31, 2021 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Founders/Shareholders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	Unsecured
	Conversion to equity	(84,000,000)	₱54,798,338		

Receivable from ACEMC-Dagupan, Inc

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

Cash Advances

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

B. Securities of the Registrant

Market Price, Dividend and Related Stockholder Matters

The securities of Allied Care Experts (ACE) Medical Center-Palawan Inc. are marketed through its organic salaried employees who serve as salesmen. The high and low sales prices by quarter for the last two (2) years are as follows:

	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Market Price	*2021*	*2021*	*2021*	2022	2022
High	150,000	150, 000	150, 000	250, 000	250, 000
Low	150, 000	150, 000	150, 000	250, 000	250, 000

The price as of September 30, 2022 is Php 250,000.00

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

There are approximately 667 holders of common shares of the Company as of June 30, 2022.

Please refer to Annex "C", page 40 for the list of top 20 stockholders as of June 30, 2022.

No dividends were declared in 2019, 2020 and 2021.

There are no restrictions that limit the payment of dividends on Common Shares.
There is no recent sale of unregistered or exempt securities.

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

FOR THIRD QUARTER OF 2022

Changes in Operating Results

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

		For the nine months ended			Horizontal Analysis		Vertical Analysis	
		30-Sep-22		30-Sep-21	Inc (Dec)	%age	30-Sep-22	30-Sep-21
Revenues	₱	106,108,586	₱	1,561,765 ₱	104,546,821	100%	100%	100%
Cost of sales and services		(118,532,460)		(1,259,067)	119,791,527	100%	-112%	-81%
Other income		3,036,379		60,853	2,975,526	4890%	3%	4%
Operating expenses		(47,448,650)		(9,839,814)	37,608,836	382%	-45%	-630%
Income tax benefit		14,238,944		2,375,363	11,863,581	499%	13%	152%
Net loss	**₱**	**(42,597,201)**	**₱**	**(7,100,900) ₱**	**35,496,301**	**500%**	-40%	-455%

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

Revenue generated for the nine months period amounts ₱106.10M. This was from the operation of the Out-Patient Department, Pharmacy and Laboratory and the Company's partial operation of the hospital as of third quarter of 2022.

Cost of sales and services for the nine months period ended September 30, 2022 amounted to ₱118.53M. This was directly associated with the start of the Company's partial operation as of third quarter of 2022. The major component of the cost of sales and services are professional fees, employee's salaries and wages, depreciation expense, medical supplies, communication, light and water and outside services.

Other income increased by 4,890%. This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.

The 382% increase in operating expenses for the nine months ended September 30, 2022 compared with the September 30, 2021 was primarily due to significant increase in all expenses as of third quarter in relation to the partial operation of the hospital.

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

Loss for the nine months ended September 30, 2022 is higher compared to nine months ended September 30, 2021 primarily due to the significant increase of expenses as the Company partially operate its hospital as of the third quarter of 2022. Though revenues were already generated in 2022 after the Company's partial operation, these were not enough to cover the increase as well in expenses. To mitigate the losses, the Company trimmed down its organizational structure based strictly on its manpower requirement for the initial years of operation, thereby likewise avoiding duplication of functions. Strict monitoring of consumable supplies was also done. More aggressive marketing of hospital services and investments were done. More doctors were encouraged and welcomed to join the medical staff to increase patient load and utilization of hospital services.

Financial Condition

		Sept 30, 2022 (Unaudited)		December 31, 2021 (Audited)		Horizontal Analysis Inc(Dec)	%age	Vertical Analysis Sept 30, 2022	December 31, 2021
ASSETS									
Current Assets									
Cash	₱	19,371,097	₱	102,299,385	₱	(82,928,288)	-81%	2%	10%
Trade and other receivables		4,363,197		53,000		4,310,197	8132%	0%	0%
Inventories		7,782,373		1,990,948		5,791,425	291%	1%	0%
Prepayments and other current assets		605,000		689,482		(84,482)	-12%	0%	0%
Total Current Assets		**32,121,667**		**105,032,815**		**(72,911,148)**	**-144%**	**3%**	**11%**
Non-current Assets									
Property and equipment - net		1,031,644,593		884,574,254		147,070,339	17%	95%	89%
Intangible asset		1,283,333		-		1,283,333	100%	0%	0%
Deferred tax asset		22,777,778		8,538,834		14,238,944	167%	2%	1%
Total Non-Current Assets		**1,055,705,704**		**893,113,088**		**162,592,616**	**18%**	**97%**	**89%**
TOTAL ASSETS	₱	**1,087,827,371**	₱	**998,145,903**	₱	**89,681,468**	**9%**	**100%**	**100%**
LIABILITIES AND EQUITY									
Current Liabilities									
Payables	₱	163,420,636	₱	100,107,727	₱	63,312,909	63%	15%	10%
Loans payable		23,437,500		18,750,000		4,687,500	25%	2%	2%
Advances from related parties		-		54,798,338		(54,798,338)	-100%	0%	5%
Total Current Liabilities		**186,858,136**		**173,656,065**		**13,202,071**	**8%**	**17%**	**17%**
Non-Current Liabilities									
Loans payable		601,562,500		606,250,000		(4,687,500)	-1%	55%	61%
Total Liabilities		**788,420,636**		**779,906,065**		**8,514,571**	**1%**	**72%**	**78%**
Equity									
Share capital		218,600,000		206,800,000		11,800,000	6%	20%	21%
Share premium		151,164,098		39,200,000		111,964,098	286%	14%	4%
Accumulated deficits		(70,357,363)		(27,760,162)		(42,597,201)	153%	-6%	-3%
Equity, net		**299,406,735**		**218,239,838**		**81,166,897**	**37%**	**28%**	**22%**
TOTAL LIABILITIES AND EQUITY	₱	**1,087,827,371**	₱	**998,145,903**	₱	**89,681,468**	**9%**	**100%**	**100%**

As of September 30, 2022, the assets of the Company reached ₱1,087,827,371, 9% or ₱89,681,468 higher than in 2021 balance of ₱998,145,903. This was primarily due to significant increase in most of asset accounts.

The decreased in Cash by ₱82,928,288 was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.

The increase in trade and other receivables by ₱4,310,197 was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from PCSO and DSWD as the Company partially operated its hospital building and facilities in the second quarter of 2022.

The increase in inventories pertains mainly to higher purchases of medical suppliers and drugs and medicines for the nine months period ended September 30, 2022.

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

Property and equipment increased by 17% or ₱147,070,339 due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.

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

Intangible asset increased by 100%. The Company acquired intangible asset (hospital information system) in third quarter of the 2022 for Company's operation.

Deferred tax asset increased by ₱14,238,944 due to the recognition of DTA on NOLCO for the nine months ended September 30, 2022.

Payables increased by ₱63,312,909 was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment, and accrued expenses.

Advances from related parties decreased by ₱54,798,338. This was due to payments made on advances from shareholders in 2022.

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

The increase in equity ₱81,166,897 was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the six months period ended September 30, 2022.

Material Changes in Financial Condition

a. Cash decreased by ₱82.93M
was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.
b. Receivables increased by ₱4.31M
was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from PCSO and DSWD as the Company started its partial operation in the second quarter of 2022.
c. Inventories increased by P5.79M
mainly to higher purchases of hospital, laboratory and dietary supplies for the nine months period ended September 30, 2022.
d. Prepayments and other current assets decreased by P84,482
was primarily due to prepaid taxes and licenses recognize as expense in 2022.
e. Property and equipment increased by ₱147.07M
due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.
f. Intangible asset increased by ₱1.28M
the Company acquired hospital information system in the third quarter of 2022 to be use for the Company's operation. The cost was negated from the amortization for the period.
g. Deferred tax asset increased by ₱14.24M
due to the recognition of DTA on NOLCO for the nine months ended September 30, 2022.
h. Payables increased by ₱63.31M
was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment and supplies, and accrued expenses.
i. Advances from related parties decreased by ₱54.79M
due to payments made on advances from shareholders in 2022
j. Equity increased by ₱81.17M
was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the nine months period ended September 30, 2022.

Material Changes in Operating Results

a. Revenue increased by 100% This was from the operation of the Out-Patient Department, Pharmacy and Laboratory and the Company's partial operation of the hospital as of third quarter of 2022.
b. Cost of Sales increased by 100% This was directly associated with the start of the Company's operation for the nine months ended September 30, 2022. The major component of the cost of sales and services are professional fees, employee's salaries and wages, depreciation expense, medical supplies, communication, light and water and outside services.
c. Operating Expenses increased by 382% This was primarily due to significant increase in all expenses as of third quarter in relation to the partial operation of the hospital.
d. Other income increased by 4,890% This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.
c. Income tax benefit increased by 499% Due to higher expenses in 2022 resulting to higher taxable loss.
d. Loss increased by 500% Primarily due to the significant increase of expenses as the Company partially operate its hospital for the nine months ended September 30, 2022

KEY PERFORMANCE INDICATORS

	Sep. 30, *2022*	**Sep. 30, *2021***
1. Liquidity **a. Quick ratio** - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R) / current liabilities]	0.127:1	1.171:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.172:1	1.191:1
2. Solvency **a. Debt to equity ratio** - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.633:1	2.739:1
3. Profitability **a. Net profit margin** - ability to generate surplus for stockholder (net income / sales)	(0.401):1	(4.55):1
b. Return on equity - ability to generate returns on investment of stockholders. (net income /average equity)	(0.161):1	(0.041):1
4. Leverage **b. Debt to total asset ratio** - the proportion of total assets financed by creditors.	0.725:1	0.733:1

(total debt / total assets) **c. Asset to equity ratio** - indicator of the overall financial stability of the Company. (total assets / equity)	3.633:1	3.739:1
2. **Interest Rate Coverage Ratio** **a. Interest rate coverage ratio** - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	(2.973):1	(0.484):1

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

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

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

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

There were no significant elements of income or loss that did not arise from the Company's continuing operations. In the last quarter of 2021, the Company accepted outpatient on limited capacity and in first quarter of 2022, the Company opened the Pharmacy and Laboratory. In second quarter of 2022, The Company has launched partial operation of its hospital building and facilities.

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

Financial Risks

a. Interest Rate Risk – The Company's interest rate risk is limited to its cash in banks and loans payable.

b. Credit Risk – The Company's credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.
c. Liquidity Risk – As part of the Company's overall liquidity management, the Company maintains a level of cash deemed sufficient to finance construction of hospital building and pre-operating expense, and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any

The Company has no investments in foreign securities.

<u>For the Full Years</u>

DECEMBER 31, 2021, DECEMBER 31, 2020 AND DECEMBER 31, 2019

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

	As of December 31		
	2021	2020	2019
Income Statement Data			
Revenue	₱ 3,937,282	₱ -	₱ -
Other Income	63,163	14,892	14,791
Cost of Sales and Services	(15,050,297)	-	-
Operating expenses	(18,015,476)	(1,192,730)	(4,001,569)
Operating Loss	(29,065,328)	(1,177,838)	(3,986,778)
Income tax benefit	6,756,942	351,353	1,194,965
Net Loss	(₱ 22,308,386)	(₱ 826,485)	(₱ 2,791,813)

Revenue

As disclosed in Note 1 in the financial statements, the Company has not commenced full commercial operation and the construction of a multidisciplinary medical facility (hospital) is still on-going and was completed in the first quarter of 2022. However, in September 2021, the Company opened to the public its Out-Patient Department (OPD) under limited operation. This causes the 100% increase in Revenue in 2021.

Other income

Other income for the year 2021 increase by 325% as compared with the year 2020. This was due to the higher interest income due to the higher cash daily average balance and other income from the soft opening of Out-Patient Department.

Cost of sales and services

The 100% increase in the cost of sales and services was directly associated with the company's soft opening of Out-Patient Department.
Expenses

Expenses in 2021 are higher compared to 2020 by 1,175%. This was primarily due to significant increase in all expenses in 2021 in relation to the soft opening of Out-Patient Department and in preparation for the full commercial operation by 2022.

Income tax benefit

Income tax benefit increased by 1,583% in 2021. This was primarily due to increase in expenses resulting to higher taxable loss in 2021 negated by the adjustment due to CREATE Act and tax effect of expired 2018 NOLCO.

Loss for the year

Loss for the year for the year 2021 is higher than losses suffered in 2020 by 2129%. The significant increase was primarily due to increase in expenses in 2021 negated by the recognition of income tax benefit on the taxable loss for 2021.

Financial Condition

STATEMENTS OF FINANCIAL CONDITION

		2021		2020		2019
ASSETS						
Current Assets						
Cash	₱	**102,299,385**	₱	125,900,172	₱	60,173,902
Receivables		**53,000**		3,729,431		952,182
Advances to contractors and suppliers		-		1,105,278		15,170,337
Inventories		**1,990,948**		-		-
Prepayments and other current assets		**689,482**		559,288		643,468
Total Current Assets		**105,032,815**		131,294,169		76,939,889
Non-current Assets						
Property and equipment		**884,574,254**		497,729,089		251,968,120
Deferred tax asset		**8,538,834**		1,781,892		1,430,539
Total Non-Current Assets		**893,113,088**		499,510,981		253,398,659
TOTAL ASSETS	₱	**998,145,903**	₱	630,805,150	₱	330,338,548
LIABILITIES AND EQUITY						
Current Liabilities						
Payables	₱	**100,107,727**	₱	25,247,886	₱	12,184,608
Loans payable		**18,750,000**		-		-
Advances from related parties		**54,798,338**		66,009,040		52,779,231
Total Current Liabilities		**173,656,065**		91,256,926		64,963,839
Non-Current Liabilities						
Loans payable		**606,250,000**		425,000,000		150,000,000
Total Liabilities		**779,906,065**		516,256,926		214,963,839
Equity						
Share capital		**206,800,000**		120,000,000		120,000,000
Share premium		**39,200,000**		-		-
Accumulated deficits		**(27,760,162)**		(5,451,776)		(4,625,291)
Equity, net		**218,239,838**		114,548,224		115,374,709
TOTAL LIABILITIES AND EQUITY	₱	**998,145,903**	₱	630,805,150	₱	330,338,548

Total assets increased from ₱630.8M to ₱998M. The increased was caused by the increased in inventories, prepayments and other current assets, property and equipment and deferred tax asset. This was negated by the decrease in cash, receivables and advances to contractors.

Cash decreased by ₱23.6M was primarily due to the construction in progress and payment of interest, this was partly negated by the proceeds from the release of additional bank loans, additional advances from related parties and issuance of shares.

The receivables from ACEMC-Dagupan Inc. amounting to ₱3,729,431 was collected in full in 2021. The ₱.053M balance of receivable pertains to advances to officers and employees for corporate activities subject for liquidation.

Advances to contractors decreased by ₱1.1M. The decrease was due full liquidation of the down payments related to the construction of the building.

The increase in inventories pertains mainly to purchases of medical supplies for the soft opening of out-patient department.

Prepayments and other current assets increased by ₱.130M. This is primarily due to advance payment made to electric company and for taxes and licenses.

Property and equipment increased by ₱386.8M This was due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment negated by depreciation expense for the year 2021.

Deferred tax asset increased by ₱6.75M due to the recognition of DTA on NOLCO for year 2021 negated by the adjustment due to changes in tax rate in accordance with the provisions of CREATE Act and tax effect of expired 2018 NOLCO.

Total liabilities increased by ₱263.65M. The increase was primarily due to the additional loan availed by the company during the year 2021 and increase in payables in relation to the ongoing construction of the hospital building negated by the decrease in advances from shareholders.

Payables increased by ₱74.8M mainly due to the increase in retention payable which is computed based on progress billing payment, increase in accounts payable for unpaid purchases of goods and services including medical equipment, increase in accrued expenses and government statutory payables.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building. The Company received additional loan releases or draw down from Development Bank of Philippines amounting to ₱200M resulting to 47% increase on loans payable.

Advances from related parties in 2021 decreased by ₱11.21M. This was primarily due to additional advances in 2021 negated by the conversion of portion of advances from founders/shareholders to equity as payment for their subscribed capital.

The ₱103.69M increase in the total equity is primarily due to issuance of shares. This was negated by the negative result of operation for the year

DECEMBER 31, 2021 COMPARED TO DECEMBER 31, 2020

Changes in Operating Results

		For the year ended			Horizontal Analysis		Vertical Analysis	
		31-Dec-21	31-Dec-20		Inc (Dec)	%age	31-Dec-21	31-Dec-20
Revenue	₱	3,937,282 ₱	-	₱	3,937,282	100.00%	100.00%	n/a
Other income		63,163	14,892		48,271	324.14%	1.60%	n/a
Cost of sales and services		(15,050,297)	-		15,050,297	100.00%	-382.25%	n/a
General and Administrative Expenses		(18,015,476)	(1,192,730)		16,822,746	1410.44%	-457.56%	n/a
Income tax benefit		6,756,942	351,353		6,405,589	-1823.12%	171.61%	n/a
Net loss	**₱**	**(22,308,386) ₱**	**(826,485)**	**₱**	**21,481,901**	**2599.19%**	**-566.59%**	**n/a**

As disclosed in Note 1 in the financial statements, the Company has not commenced full commercial operation and the construction of a multidisciplinary medical facility (hospital) is still on-going and was completed in the first quarter of 2022. However, in September 2021, the Company opened to the public its Out-Patient Department (OPD) under limited operation. This causes the 100% increase in Revenue in 2021.

Other income for the year 2021 increase by 324% as compared with the year 2020. This was due to the higher interest income due to the higher cash daily average balance and other income from the soft opening of Out-Patient Department.

The 100% increase in the cost of sales and services was directly associated with the company's soft opening of Out-Patient Department.

Expenses in 2021 are higher compared to 2020 by 1,410%. This was primarily due to significant increase in all expenses in 2021 in relation to the soft opening of Out-Patient Department and in preparation for the full commercial operation by 2022.

Income tax benefit increased by 1,823% in 2021. This was primarily due to increase in expenses resulting to higher taxable loss in 2021 negated by the adjustment due to CREATE Act and tax effect of expired 2018 NOLCO.

Loss for the year for the year 2021 is higher than losses suffered in 2020 by 2599%. The significant increase was primarily due to increase in expenses in 2021 negated by the recognition of income tax benefit on the taxable loss for 2021

Changes in Financial Condition

	December 31, 2021	December 31, 2020	Horizontal Analysis Inc(Dec)	%age	Vertical Analysis December 31, 2021	December 31, 2020
ASSETS						
Current Assets						
Cash	₱ 102,299,385	₱ 125,900,172	₱ (23,600,787)	-19%	10%	20%
Receivables	53,000	3,729,431	(3,676,431)	-99%	0%	1%
Advances to contractors and suppliers	-	1,105,278	(1,105,278)	-100%	0%	0%
Inventories	1,990,948	-	1,990,948	100%	0%	0%
Prepayments and other current assets	689,482	559,288	130,194	23%	0%	0%
Total Current Assets	**105,032,815**	**131,294,169**	**(26,261,354)**	**-20%**	**11%**	**21%**
Non-current Assets						
Property and equipment	884,574,254	497,729,089	386,845,165	78%	89%	79%
Deferred tax asset	8,538,834	1,781,892	6,756,942	379%	1%	0%
Total Non-Current Assets	**893,113,088**	**499,510,981**	**393,602,107**	**79%**	**89%**	**79%**
Total Assets	**₱ 998,145,903**	**₱ 630,805,150**	**₱ 367,340,753**	**58%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Payables	₱ 100,107,727	₱ 25,247,886	₱ 74,859,841	296%	10%	4%
Loans payable	18,750,000	-	18,750,000	100%	2%	0%
Advances from related parties	54,798,338	66,009,040	(11,210,702)	-17%	5%	10%
Total Current Liabilities	**173,656,065**	**91,256,926**	**82,399,139**	**90%**	**17%**	**14%**
Non-Current Liabilities						
Loans payable	606,250,000	425,000,000	181,250,000	43%	61%	67%
Total Liabilities	**779,906,065**	**516,256,926**	**263,649,139**	**51%**	**78%**	**82%**
Equity						
Share capital	206,800,000	120,000,000	86,800,000	72%	21%	19%
Share premium	39,200,000	-	39,200,000	100%	4%	0%
Accumulated deficits	(27,760,162)	(5,451,776)	(22,308,386)	409%	-3%	-1%
Equity, Net	**218,239,838**	**114,548,224**	**103,691,614**	**91%**	**22%**	**18%**
Total Liabilites and Equity	**₱ 998,145,903**	**₱ 630,805,150**	**₱ 367,340,753**	**58%**	**100%**	**100%**

Total assets increased from ₱630.8M to ₱998M. The increased was caused by the increased in inventories, prepayments and other current assets, property and equipment and deferred tax asset. This was negated by the decrease in cash, receivables and advances to contractors.

Cash decreased by ₱23.6M was primarily due to the construction in progress and payment of interest, this was partly negated by the proceeds from the release of additional bank loans, additional advances from related parties and issuance of shares.

The receivables from ACEMC-Dagupan Inc. amounting to ₱3,729,431 was collected in full in 2021. The ₱.053M balance of receivable pertains to advances to officers and employees for corporate activities subject for liquidation.

Advances to contractors decreased by ₱1.1M. The decrease was due full liquidation of the down payments related to the construction of the building.

The increase in inventories pertains mainly to purchases of medical supplies for the soft opening of out-patient department.

Prepayments and other current assets increased by ₱.130M. This is primarily due to advance payment made to electric company and for taxes and licenses.

Property and equipment increased by ₱386.8M This was due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment negated by depreciation expense for the year 2021.

Deferred tax asset increased by ₱6.75M due to the recognition of DTA on NOLCO for year 2021 negated by the adjustment due to changes in tax rate in accordance with the provisions of CREATE Act and tax effect of expired 2018 NOLCO.

Total liabilities increased by ₱263.65M. The increase was primarily due to the additional loan availed by the company during the year 2021 and increase in payables in relation to the ongoing construction of the hospital building negated by the decrease in advances from shareholders.

Payables increased by ₱74.8M mainly due to the increase in retention payable which is computed based on progress billing payment, increase in accounts payable for unpaid purchases of goods and services including medical equipment, increase in accrued expenses and government statutory payables.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building. The Company received additional loan releases or draw down from Development Bank of Philippines amounting to ₱200M resulting to 47% increase on loans payable.

Advances from related parties in 2021 decreased by ₱11.21M. This was primarily due to additional advances in 2021 negated by the conversion of portion of advances from founders/shareholders to equity as payment for their subscribed capital.

The ₱103.69M increase in the total equity is primarily due to issuance of shares. This was negated by the negative result of operation for the year.

DECEMBER 31, 2020 COMPARED TO DECEMBER 31, 2019

Changes in Operating Results

		For the year ended			Horizontal Analysis		Vertical Analysis	
		31-Dec-20		31-Dec-19	Inc (Dec)	%age	31-Dec-20	31-Dec-19
Interest income	₱	14,892	₱	14,791 ₱	101	0.68%	n/a	n/a
General and Administrative Expenses		(1,192,730)		(4,001,569)	(2,808,839)	-70.19%	n/a	n/a
Income tax benefit		351,353		1,194,965	(843,612)	70.60%	n/a	n/a
Net loss	**₱**	**(826,485)**	**₱**	**(2,791,813) ₱**	**(1,965,328)**	**-70.40%**	**n/a**	**n/a**

There was 0.68% increase in interest income which was due to higher average daily balance in the cash in bank.

Expenses in 2020 are lower compared to 2019 by 70.19%. This was primarily due to significant decrease in all expenses in 2020 because of the pandemic, Covid 19.

Income tax benefit in 2020 is lower compared to 2019 by 70.60%. This was primarily due to significant decrease in all expenses in 2020 because of the pandemic, Covid 19 resulting to lower taxable loss.

Loss for the year ended December 31, 2020 is lower than December 31, 2019 by 70.4%. This was due to less operating activities in 2020 as compared to 2019 because of the pandemic, Covid 19.

Changes in Financial Condition

		December 31, 2020		December 31, 2019		Horizontal Analysis Inc(Dec)	%age	Vertical Analysis December 31, 2020	December 31, 2019
ASSETS									
Current Assets									
Cash	₱	125,900,172	₱	60,173,902	₱	65,726,270	109%	20%	18%
Receivables		3,729,431		952,182		2,777,249	292%	1%	0%
Advances to contractors and suppliers		1,105,278		15,170,337		(14,065,059)	-93%	0%	5%
Prepayments and other current assets		559,288		643,468		(84,180)	-13%	0%	0%
Total Current Assets		**131,294,169**		**76,939,889**		**54,354,280**	**71%**	**21%**	**23%**
Non-current Assets									
Property and equipment		497,729,089		251,968,120		245,760,969	98%	79%	76%
Deferred tax asset		1,781,892		1,430,539		351,353	25%	0%	0%
Total Non-Current Assets		**499,510,981**		**253,398,659**		**246,112,322**	**97%**	**79%**	**77%**
Total Assets	₱	**630,805,150**	₱	**330,338,548**	₱	**300,466,602**	**91%**	**100%**	**100%**
LIABILITIES AND EQUITY									
Current Liabilities									
Payables	₱	25,247,886	₱	12,184,608	₱	13,063,278	107%	4%	4%
Advances from related parties		66,009,040		52,779,231		13,229,809	25%	10%	16%
Total Current Liabilities		**91,256,926**		**64,963,839**		**26,293,087**	**40%**	**14%**	**20%**
Non-Current Liabilities									
Loans payable		425,000,000		150,000,000		275,000,000	183%	67%	45%
Total Liabilities		**516,256,926**		**214,963,839**		**301,293,087**	**140%**	**82%**	**65%**
Equity									
Share capital		120,000,000		120,000,000		-	0%	19%	36%
Accumulated deficits		(5,451,776)		(4,625,291)		(826,485)	18%	-1%	-1%
Equity, Net		**114,548,224**		**115,374,709**		**(826,485)**	**-1%**	**18%**	**35%**
Total Liabilites and Equity	₱	**630,805,150**	₱	**330,338,548**	₱	**300,466,602**	**91%**	**100%**	**100%**

Total assets increased from ₱330.3M to ₱630.8M. The increase was primarily due to the significant increase in cash, receivables and property and equipment and deferred tax asset which was negated by the decrease in advances to contractors and suppliers and prepayments and other current assets.

The increased in Cash by ₱65.72M was from the proceeds from bank loan and advances. These proceeds were partly used in the construction in progress, payment of interests and pre-operating expenses of the Company.

Receivables increased by ₱2.77M. This account primarily consists of receivable from related party – ACE Medical Center – Dagupan for the construction materials initially paid by the Company and negated by the collection of advances to officers and employees and other receivables.

Advances to contractors decreased by ₱14M. The decrease was due to the reclassification to construction in progress.

Prepayments and other currents assets decreased by ₱.084M. This account pertains to prepaid expenses related to the construction of hospital building which were subsequently reclassify to proper account.

Property and equipment increased by ₱245.76M representing additional construction costs of hospital building and purchases of office furniture and fixtures negated by ₱.041M depreciation for 2020.

Deferred tax asset increased by ₱.351M due to the recognition of DTA on NOLCO in 2020.

Total liabilities increased by ₱301M. The increase was primarily due to the released of loan availed by the company during the year 2020 and increase in payables and advances from shareholders.

Payables increased by ₱13M. This increase was mainly due to the significant increase in the retention payable and interest payable in relation with the Company's loan for the construction of hospital building as of December 31, 2020.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building. This increased by ₱275M in 2020 due to the loans availed by the Company from Development Bank of the Philippines.

The increase of ₱13.2M in advances from shareholders was due to additional advances in 2020.

The ₱.826M decrease in the total equity is primarily due to the negative result of pre-operation for the year. The Company is still non-operational and most of the expenses incurred relates to planning and mobilization expenses.

DECEMBER 31, 2019 COMPARED TO DECEMBER 31, 2018

Changes in Operating Results

		For the year ended			Horizontal Analysis		Vertical Analysis	
		31-Dec-19		31-Dec-18	Inc (Dec)	%age	31-Dec-19	31-Dec-18
Interest Income	₱	14,791	₱	128,252 ₱	(113,461)	-88.47%	n/a	n/a
General and Administrative Expenses		(4,001,569)		(785,248)	3,216,321	409.59%	n/a	n/a
Income tax benefit		1,194,965		235,574	959,391	-407.26%	n/a	n/a
Net loss	**₱**	**(2,791,813)**	**₱**	**(421,422) ₱**	**2,370,391**	**562.47%**	**n/a**	**n/a**

There was 88.47% decrease in interest income which was due to the decrease in average daily balance in cash in banks brought by increase in expenditures in connection with the construction of the hospital building.

Expenses in 2019 are higher compared to 2018 by 409.59%. This was primarily due to more expenses incurred during the construction of the hospital building which is already in full blast in 2019.

Income tax benefit in 2019 is higher compared to 2019 by 407.26. This was primarily due to higher expenses in 2019 resulting to higher taxable loss.

Loss for the year ended December 31, 2019 is higher than December 31, 2018 by 562.47%. This was due to more operating activities in 2019 as compared to 2018, which are mostly related to the on-going construction.

Changes in Financial Condition

	December 31, 2019	December 31, 2018	Horizontal Analysis Inc(Dec)	%age	Vertical Analysis December 31, 2019	December 31, 2018
ASSETS						
Current Assets						
Cash	₱ 60,173,902	₱ 26,258,247	₱ 33,915,655	129%	18%	25%
Receivables	952,182	2,601,563	(1,649,381)	-63%	0%	2%
Advances to contractors and suppliers	15,170,337	5,000,000	10,170,337	203%	5%	5%
Prepayments and other current assets	643,468	589,288	54,180	9%	0%	1%
Total Current Assets	**76,939,889**	**34,449,098**	**42,490,791**	**123%**	**23%**	**33%**
Non-current Assets						
Property and equipment	251,968,120	70,017,516	181,950,604	260%	76%	67%
Deferred tax asset	1,430,539	235,574	1,194,965	507%	0%	0%
Total Non-Current Assets	**253,398,659**	**70,253,090**	**183,145,569**	**261%**	**77%**	**67%**
Total Assets	**₱ 330,338,548**	**₱ 104,702,188**	**₱ 225,636,360**	**216%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Payables	₱ 12,184,608	₱ 3,908,849	₱ 8,275,759	212%	4%	4%
Deposit for future stock subscription	-	28,500,000	(28,500,000)	-100%	0%	27%
Advances from related parties	52,779,231	4,126,817	48,652,414	1179%	16%	4%
Total Current Liabilities	**64,963,839**	**36,535,666**	**28,428,173**	**78%**	**20%**	**35%**
Non-Current Liabilities						
Loans payable	150,000,000	-	150,000,000	100%	45%	0%
Total Liabilities	**214,963,839**	**36,535,666**	**178,428,173**	**488%**	**65%**	**35%**
Equity						
Share capital	120,000,000	70,000,000	50,000,000	71%	36%	67%
Accumulated deficits	(4,625,291)	(1,833,478)	(2,791,813)	152%	-1%	-2%
Equity, Net	**115,374,709**	**68,166,522**	**47,208,187**	**69%**	**35%**	**65%**
Total Liabilites and Equity	**₱ 330,338,548**	**₱ 104,702,188**	**₱ 225,636,360**	**216%**	**100%**	**100%**

Total assets increased from ₱104M to ₱330M. The 216% increase was primarily due to the increase in cash, advances to contractors and suppliers, construction in progress reported under property and equipment and deferred tax asset. This was negated by the decrease in receivables.

The increased in Cash by ₱33.9M primarily due to loan secured from Development Bank of the Philippines and advances from related party.

Receivables decreased by ₱1.64M. This account primarily consists of advances to officers and employees and advances for liquidation. The decrease was brought about by the collection / liquidation of advances.

Advances to contractors increased by ₱10.17M. This account represents payment made to contractor for purchases of materials. This payment shall be liquidated from every subsequent progress payment to be made by the Company. The increase was related to the increase in construction in progress which is already in full blast in 2019.

Prepayment and other currents assets increased by ₱.054M. The increase was related to the increase in construction in progress which is already in full blast in 2019.

Property and equipment increased by ₱181.95M primarily due to the on-going construction in progress.

Deferred tax asset increased by ₱1.19M due to the recognition of DTA on NOLCO in 2019.

Total liabilities increased by ₱178M. The increase was primarily due to the loans availed by the company during the year 2019.

Payables increased by ₱8.2M. This increase represents unpaid purchases of goods and services as of December 31, 2019 in connection with the Company's construction of hospital building.

Advances from related parties increased by ₱48.6M. This account pertains to cash advances obtain from founders/shareholders to finance the Company's pre-operating expenses, other start up fund requirements and to finance the on-going construction of its hospital building.

Deposit for future stock subscription represents deposits made by the subscribing shareholders in connection with the proposed increase in authorized capital stock of the company which was approved by the Securities and Exchange Commission on March 15, 2019. Accordingly, the Company applied the deposit to the shares issued by the Company.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building. This increase by ₱150M in 2019 due to initial loan release from Development Bank of the Philippines.

The ₱47.2M increase in the total equity is primarily due to the additional subscription and payment of capital amounting to ₱50M. This was partly negated by the negative result of operation for the year. The Company is still non-operational and most of the expenses incurred relates to planning and mobilization expenses.

Material Changes in Financial Condition

From January 1, 2021 to December 31, 2021	*From January 1, 2020 to December 31, 2020*	*From January 1, 2019 to December 31, 2019*
a. Cash decreased by ₱23.6M The increased was caused by the increased in inventories, prepayments and other current assets, property and equipment and deferred tax asset. This was negated by the decrease in cash, receivables and advances to contractors.	a. Cash increased by ₱65.72M was due from the proceeds from bank loan and advances. These proceeds were partly used in the construction in progress, payment of interests and pre-operating expenses of the Company.	a. Cash increased by ₱33.9M primarily due to loan secured from Development Bank of the Philippines and advances from related party.
b. Receivables decreased by ₱3.729M The decrease was due to the collection of receivables from ACEMC-Dagupan Inc. amounting to ₱3,729,431 in 2021	b. Receivables increased by ₱2.77M primarily consists of receivable from related party – ACE Medical Center – Dagupan for the construction materials initially paid by the Company and negated by the collection of advances to officers and employees	b. Receivables decreased by ₱1.64M primarily consists of advances to officers and employees and advances for liquidation. The decrease was brought about by the collection / liquidation of advances.
c. Advances to contractors and suppliers decreased by ₱1.1M	c. Advances to contractors and suppliers decreased by ₱14M	c. Advances to contractors and suppliers increased by ₱10.17M

was due full liquidation of the down payments related to the construction of the building	was due to the reclassification to construction in progress.	payment made to contractor for purchases of materials. The increase was related to the increase in construction in progress which is already in full blast in 2019.
d. Inventories increased by ₱1.99M due to purchases of medical supplies for the soft opening of out-patient department.		
e. Prepayment and other currents assets increased by ₱.130M	d.Prepayment and other currents assets decreased by ₱.084M	d.Prepayment and other currents assets increased by ₱.054M
primarily due to advance payment made to electric company and taxes and licenses	This account pertains to prepaid expenses related to the construction of hospital building which were subsequently reclassify to proper account.	The increase was related to the increase in construction in progress which is already in full blast in 2019.
f. Property and equipment Increased by ₱386.8M due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment	e. Property and equipment increased by ₱245.76M due to additional construction costs of hospital building and purchases of office furniture and fixtures negated by ₱.041M depreciation for 2020.	e. Property and equipment increased by ₱181.95M primarily due to the on-going construction in progress.
g. Deferred tax asset increased by ₱6.75M due to the recognition of DTA on NOLCO for year 2021 negated by the adjustment due to changes in tax rate in accordance with the provisions of CREATE Act and tax effect of expired 2018 NOLCO.	f. Deferred tax asset increased by ₱.351M due to the recognition of DTA on NOLCO in 2020	f. Deferred tax asset increased by ₱1.19M due to the recognition of DTA on NOLCO in 2019
h. Payables increased by ₱74.8M mainly due to the increase in retention payable which is computed based on progress billing payment, increase in accounts payable for unpaid purchases of goods and services including medical equipment, increase in accrued expenses and government statutory payables.	g. Payables increased by ₱13M due to the significant increase in the retention payable and interest payable in relation with the Company's loan for the construction of hospital building	g. Payables increased by ₱8.2M due to unpaid purchases of goods and services as of December 31, 2019 in connection with the Company's construction of hospital building.
		h. Deposit for future stock subscription decreased by ₱28M due to reclassification to equity account upon approval of the

		commission of the increased in authorized capital of the Company
i. Loans payable increased by ₱200M the Company received additional loan releases or draw down from Development Bank of the Philippines	h. Loans payable increased by ₱275M the Company received additional loan releases or draw down from Development Bank of the Philippines	i. Loans payable increased by ₱150M the Company received initial loan release or draw down from Development Bank of the Philippines
j. Advances from related parties decreased by ₱11.21M	i. Advances from shareholders increased by ₱13.2M	j. Advances from shareholders increased by ₱48.6M
primarily due to additional advances in 2021 negated by the conversion of portion of advances from founders to equity as payment for their subscribed capital.	due to additional advances in 2020.	Due to cash advances obtain from founders to finance the Company's pre-operating expenses, other start up fund requirements and to finance the on-going construction of its hospital building
k. Equity increased by ₱103.69M due to issuance of shares which was negated by the negative result of operation for the year	j. Equity decreased by ₱.826M primarily due to the negative result of pre-operation for the year. The Company is still non-operational and most of the expenses incurred relates to planning and mobilization expenses.	k. Equity increased by ₱47.2M primarily due to the additional subscription and payment of capital amounting to ₱50M. This was partly negated by the negative result of operation for the year. The Company is still non-operational and most of the expenses incurred relates to planning and mobilization expenses.

Material Changes in Operations

2021 vs. 2020	*2020 vs. 2019*	*2019 vs. 2018*
a. Revenue increased by 100% the Company opened to the public its Out-Patient Department (OPD) under limited operation in last September 2021		
a. Cost of sales and services increased by 100% increase in the cost of sales and services was directly associated with the company's soft opening of Out-Patient Department		
c. Expenses increased by 1410% This was primarily due to significant increase in all expenses in 2021 in relation to the soft opening of Out-Patient Department and in	a. Expenses decreased by 70.19% primarily due to significant decrease in all expenses in 2020 because of the pandemic, Covid 19	a. Expenses increased by 409.59% primarily due to more expenses incurred during the construction of the hospital building which is already in full blast in 2019

preparation for the full commercial operation by 2022		
d. Other income increased by 324% was due to the higher interest income due to the higher cash daily average balance and increase in other income in 2021 in relation to soft opening of OPD	b. Other income (Interest Income) increased by .68% due to higher average daily balance in the cash in bank resulting to higher interest income	b. Other income (Interest Income) decreased by 88.47% due to lower average daily balance in the cash in bank resulting to decrease in interest income
e. Income tax benefit increased by 1,823%	c. Income tax benefit decreased by 70.60%	c. Income tax benefit increased by 407.26%
This was primarily due to increase in expenses resulting to higher taxable loss in 2021 negated by the adjustment due to CREATE Act and tax effect of expired 2018 NOLCO	primarily due to significant decrease in all expenses in 2020 because of the pandemic, Covid 19 resulting to lower taxable loss.	primarily due to higher expenses in 2019 resulting to higher taxable loss.
g. Loss for the year increased by 2599%	d. Loss for the year decreased by 70.4%	f. Loss for the year increased by 562.47%
The significant increase was primarily due to increase in expenses in 2021 negated by the recognition of income tax benefit on the taxable loss for 2021.	This was due to less operating activities in 2020 as compared to 2019 because of the pandemic, Covid 19.	was due to more operating activities in 2019 as compared to 2018, which are mostly related to the on-going construction

KEY PERFORMANCE INDICATORS

	Dec. 31, *2021*	Dec. 31, *2020*	Dec. 31, *2019*
1. Liquidity **a.** Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.589:1	1.42:1	0.941:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.605:1	1.439:1	1.184:1
2. Solvency **a.** Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	3.574:1	4.507:1	1.863:1
3. Profitability **a.** Net profit margin - ability to generate surplus for stockholder (net income / sales)	(5.666) :1	N/A	N/A
b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.134):1	(0.007):1	(0.030):1
4. Leverage			

a. Debt to total asset ratio - the proportion of total assets financed by creditors. (total liabilities / total assets)	0.781:1	0.818:1	0.651:1
b. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	4.574:1	5.507:1	2.863:1
5. Interest Rate Coverage Ratio **a.** Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments.	(0.935):1	(0.09):1	(0.567):1

There are no known trends, events or uncertainties that have material impact on liquidity. Nevertheless, management still continues to pursue intensive efforts improvement cash management.

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

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

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

The Company continues to spend for capital expenditures in relation to the construction of the hospital building.

The Company commenced its full business operations in the first quarter pf 2022.

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

Financial Risks

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

The Company has no investments in foreign securities.

D. Certain Relationships and Related Transactions

(1) During the last two (2) years, no director of the Company has received or become entitled to receive any benefit by reason of any contract with the Company, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

September 30, 2022 (Unaudited)

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

December 31, 2021 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Founders/Shareholders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	Unsecured
	Conversion to equity	(84,000,000)	₱54,798,338		

Receivable from ACEMC-Dagupan, Inc

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

Cash Advances

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

(2) Aside from the party mentioned above, there is no other relationship that has existing negotiations on material transactions.

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

E. Management and Certain Security Holders

Directors, Executive Officers

There are fifteen (15) members of the Board, three (3) of whom are independent directors who hold office for one (1) year. Please refer to page **5** for the list of incumbent directors/officers. The Corporation relies significantly on the continued collective efforts of its senior executive officers and expects each employee to do his share in achieving the Corporation's goals.

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

As of September 30, 2022, the following directors are parties to the following legal proceedings in their capacity as officers of Allied Care Experts (ACE) Medical Center-Cebu Inc.:

1.Amado Manuel C. Enriquez, Jr.
2.Geanie Cerna-Lopez
3.Marietta T Samoy

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

On March 7, 2018, complainants Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia, through counsel, filed a civil complaint against the Hospital and its Directors (as stated above), praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016. February 2001 8 The Defendants (based in Cebu) have already filed their Answer to the Complaint. However, the complaint for Manila-based Doctors is yet to be served. We filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. Awaiting the Court's decision.

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

On February 5, 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above), praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016. The Defendants (based in Cebu) have already filed their Answer to the Complaint, and Dr. Kionisala has filed a Motion for Partial Summary Judgment, but the same was opposed by the defendants on May 15, 2018. The Court has not yet ruled on the plaintiff's Motion for Partial Summary Judgment of May 2, 2018. Unless the Court resolves the Motion for Summary Judgment by the plaintiff, the case will not move on. The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for Pre-Trial on April 30, 2021. 3. Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et al. vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez and Velma T. Chan, The Petitioners, have filed a Special Civil Action case for Mandamus, to compel the Respondents to issue their 100% pre-emptive rights immediately. The Petitioners claim they are entitled to 10 shares based on their computation of 0.000083333 ownership multiplied by 120,000 (increase in Capital). Respondents received the Court Order on December 11, 2018. On November 25, 2020, at 8:30 AM, a Judicial Dispute Resolution was conducted by RTC Branch 12, Cebu City, via video conference hearing. Both parties did not come to an agreement. The Petitioners demanded PHP 600,000.00 from the Respondents. The case was scheduled for Pre-Trial on June 11, 2021.

Other than the above legal proceedings, no other director/officers are involved with any of the following: bankruptcy petition, conviction by final judgement, being subject to any order, judgment or decree; or violation of a securities or commodities law.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

F. Corporate Governance

The Company is committed to its Corporate Vision-Mission and mandate as it undertakes it has commenced its initial operations of the hospital. To assist in the implementation of good corporate governance, the Company has organized various committees including the Audit Committee, Nominations Committee, Compensation and Remuneration Committee, among others. The Company through the Board evaluates and monitors the performance of the directors and officers and implements necessary measures in order to enhance their functions. The Company intends to provide continuous trainings to directors and key officers and hospital personnel to ensure that they will effectively perform their functions in accordance with the Company's good governance practices.

The directors, officers and key hospital personnel attended lectures on New Code of Corporate Governance for Public Companies and Registered Issuer and Revised Corporation Code of the Philippines on July 16 and 17, 2021 provided by Center for Global Best Practices (CGBP), in compliance with SEC Memorandum Circular No. 20, series of 2013 and the Corporation's Manual on Corporate Governance.

The Corporation has filed its Manual on Corporate Governance on June 29, 2022. The Company has no major deviation from the said manual.

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

ANNEX "C"

Top 25 Stockholders
Allied Care Experts (ACE) Medical Center-Palawan Inc.
As of October 31, 2022

STOCKHOLDER's NAME	NATIONALITY	OUTSTANDING SHARES	PERCENTAGE
DR. AMADO C. ENRIQUEZ	FIL	P 3,400,000	
DR. EDITHA C. MIGUEL	FIL	3,400,000	1.56%
DR. SONIA J. ULANDAY	FIL	3,400,000	1.56%
DR. LORNA FELIZARTE	FIL	3,400,000	1.56%
DR. LUMEN PALANCA	FIL	3,400,000	1.56%
DR. IVAN MICHAEL VICENTE	FIL	3,400,000	1.56%
DR. KAREN A. ACOSTA	FIL	3,400,000	1.56%
DR. FREDERICK DALINGDING	FIL	3,400,000	1.56%
DR. ROSALIE REYES	FIL	3,400,000	1.56%
DR. FERNANDO CARLOS	FIL	3,400,000	1.56%
DR. LARHAINE G. VIERNES	FIL	3,400,000	1.56%
DR. MINA SIRIKIT TAGRA	FIL	3,400,000	1.56%
DR. GEANIE A. CERNA – LOPEZ	FIL	6,800,000	3.11%
DR. MICHAEL EDWARD R. ENRIQUEZ	FIL	13,600,000	6.22%
DR. MARIETTA T. SAMOY	FIL	6,800,000	3.11%
DR. MIGUEL ANTONIO R. ENRIQUEZ	FIL	13,600,000	6.22%
DR. MARILYN R. ENRIQUEZ	FIL	3,400,000	1.56%
DR. JONATHAN LAO	FIL	3,400,000	1.56%
DR. JOSEPH TOVERA	FIL	3,400,000	1.56%
DR. JULIETTA B. CARLOS	FIL	3,400,000	1.56%
DR. ARNEL M. BONDOC	FIL	3,400,000	1.56%
DR. REGIDOR L. ALFARO	FIL	3,400,000	1.56%
DR. APRIL RHEIBOY ANDAL	FIL	3,400,000	1.56%
DR. EVELYN D. FUNELAS	FIL	3,400,000	1.56%
ENGR. GENEROSO M. ORILLAZA	FIL	3,400,000	1.56%
OTHERS	FIL	106,400,000	51.33%
TOTAL stockholders/ no. of shares	1,463/ 218,600	P 218,600,000	100.00%

CERTIFICATION OF INDEPENDENT
DIRECTOR

I, MINA **SIRIKIT C. TAGRA**, Filipino, of legal age and a resident of Cor. Real/ Dadison St., Bgy. 56,Tacloban City, Leyte 600, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Allied Care Experts (ACE) Medical Center Palawan-Inc. And have been its independent director.

2. I am affiliated with the following companies or organizations (including government-ownedand controlled corporations):

Company/Organization	Position/Relationship	Period of Service
ACEMC Tacloban	Chief of Clinics	3 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts (ACE) Medical Center-Palawan Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances

4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of theSecurities Regulation Code

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

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);

6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in N/A pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

8. I shall inform the Corporate Secretary of Allied Care Experts (ACE) Medical Center- Palawan Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 7 th day of October 2022, at Puerto Princesa City, Palawan.

MINA SIRIKT C. TAGRA, MD.
Affiant

OCT 0 7 2022

SUBSCRIBED AND SWORN to before me this _____day of ____________, at PUERTO PRINCESA CITY affiant personally appeared before me and exhibited to me his/her ____________ issued on ____________, at ____________.

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Series of 2022

ATTY. OÑOS B. MANGOTARA
NOTARY PUBLIC
PUERTO PRINCESA CITY, PAL. PHIL.
R. NO. 27750

ATTY. ONOS B. MANGOTARA
Notary Public
NPL No. 2022-005 Until Dec 31, 202
PTR No. 0911067/01.02 2022
IBP No. 002047/12.01 2021
Attorney's Roll No. 27750
MCLE Compliance No. VII-0007106
Valid Until April 14, 2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CHARLEMAGNE C. SOLER,** Filipino, of legal age and a resident of Malvar St., Puerto Princesa City, Palawan, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Allied Care Experts (ACE) Medical Center Palawan-Inc. And have been its independent director.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
Manilamed Medical Center Manila	FELLOWSHIP	2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts (ACE) Medical Center-Palawan Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances

4. I am related to the following director/officer/substantial shareholder of Allied Care Experts (ACE) Medical Center- Palawan Inc. , other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
Editha C. Miguel	ACEMC PALAWAN INC.	Relative
Lumen R. Palanca	ACEMC PALAWAN INC.	Friend

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);

6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in _________N/A______________, pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

8. I shall inform the Corporate Secretary of Allied Care Experts (ACE) Medical Center- Palawan Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 7 th day of October 2022, at Puerto Princesa City, Palawan.

CHARLEMAGNE C. SOLER M.D

Affiant

SUBSCRIBED AND SWORN to before me this OCT 0 7 2022 day of ____________, at PUERTO PRINCESA CITY affiant personally appeared before me and exhibited to me his/her ____________ issued on ____________, at ____________

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Series of 2022

ATTY. ONOS B. MANGOTARA
Notary Public
NPL No. 2022-005 Until Dec 31, 2022
PTR No. 8821067/01.03.2022
IBP No. 002047/12.01.2021
Attorney's Roll No. 27750
MCLE Compliance No.VII-0007106
Valid Until April 14, 2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ERYLL O. SALVAME**, Filipino, of legal age and a resident of Poblacion, Taytay, Palawan, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Allied Care Experts (ACE) Medical Center Palawan-Inc. And have been its independent director.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
NORTHERN PALAWAN PROVINCIAL HOSPITAL	MEDICAL SPECIALIST	JANUARY 2022 - PRESENT

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts (ACE) Medical Center-Palawan Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances

4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

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

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);

6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in ACE MEDICAL CENTER PALAWAN, pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

8. I shall inform the Corporate Secretary of Allied Care Experts (ACE) Medical Center- Palawan Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 7 th day of October 2022, at Puerto Princesa City, Palawan.

ERYLL O. SALVAME, MD.
Affiant

OCT 0 7 2022

SUBSCRIBED AND SWORN to before me this _____day of ____________, at PUERTO PRINCESA CITY affiant personally appeared before me and exhibited to me his/her ____________________ issued on ______________, at ____________________

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Book No XXXV
Series of 2022

ATTY. ONOS B. MANGOTARA
Notary Public
NPL No. 2022-005 Until Dec 31, 2025
PTR No. 0091087/01.03.2022
IBP No. 002047/12.01.2021
Attorney's Roll No. 27750
MCLE Compliance No. VII-0007106
Valid Until April 14, 2025

ATTY. ONOS B. MANGOTARA NOTARY PUBLIC ROLL NO. 27750 PUERTO PRINCESA CITY, PAL. PHIL.

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	(048) 717-000-19
Contact Person	(Company Telephone Number)

1 2	3 1	SEC FORM 17-Q	4th Friday of August
Month	*Day*	*(Form Type)*	*Month Day*
(Fiscal Year)			*(Annual Meeting)*

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

1465		
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, 2022**

2. Commission Identification Number. **CS201702182**

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

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

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

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

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

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

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARE, P1,000 PAR VALUE	**218,000 shares / ₱ 788,420,636**

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, 2022 (with comparative figures as at December 31, 2021 (Audited) and for the nine months ended September 30, 2021 (Unaudited) are filed as part of this form 17-Q as Annex A.

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

FINANCIAL CONDITION

	Sept 30, 2022 (Unaudited)	December 31, 2021 (Audited)	Horizontal Analysis Inc(Dec)	%age	Vertical Analysis Sept 30, 2022	December 31, 2021
ASSETS						
Current Assets						
Cash	₱ 19,371,097	₱ 102,299,385	₱ (82,928,288)	-81%	2%	10%
Trade and other receivables	4,363,197	53,000	4,310,197	8132%	0%	0%
Inventories	7,782,373	1,990,948	5,791,425	291%	1%	0%
Prepayments and other current assets	605,000	689,482	(84,482)	-12%	0%	0%
Total Current Assets	**32,121,667**	**105,032,815**	**(72,911,148)**	**-144%**	**3%**	**11%**
Non-current Assets						
Property and equipment - net	1,031,644,593	884,574,254	147,070,339	17%	95%	89%
Intangible asset	1,283,333	-	1,283,333	100%	0%	0%
Deferred tax asset	22,777,778	8,538,834	14,238,944	167%	2%	1%
Total Non-Current Assets	**1,055,705,704**	**893,113,088**	**162,592,616**	**18%**	**97%**	**89%**
TOTAL ASSETS	**₱ 1,087,827,371**	**₱ 998,145,903**	**₱ 89,681,468**	**9%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Payables	₱ 163,420,636	₱ 100,107,727	₱ 63,312,909	63%	15%	10%
Loans payable	23,437,500	18,750,000	4,687,500	25%	2%	2%
Advances from related parties	-	54,798,338	(54,798,338)	-100%	0%	5%
Total Current Liabilities	**186,858,136**	**173,656,065**	**13,202,071**	**8%**	**17%**	**17%**
Non-Current Liabilities						
Loans payable	601,562,500	606,250,000	(4,687,500)	-1%	55%	61%
Total Liabilities	**788,420,636**	**779,906,065**	**8,514,571**	**1%**	**72%**	**78%**
Equity						
Share capital	218,600,000	206,800,000	11,800,000	6%	20%	21%
Share premium	151,164,098	39,200,000	111,964,098	286%	14%	4%
Accumulated deficits	(70,357,363)	(27,760,162)	(42,597,201)	153%	-6%	-3%
Equity, net	**299,406,735**	**218,239,838**	**81,166,897**	**37%**	**28%**	**22%**
TOTAL LIABILITIES AND EQUITY	**₱ 1,087,827,371**	**₱ 998,145,903**	**₱ 89,681,468**	**9%**	**100%**	**100%**

As of September 30, 2022, the assets of the Company reached ₱1,087,827,371, 9% or ₱89,681,468 higher than in 2021 balance of ₱998,145,903. This was primarily due to significant increase in most of asset accounts.

The decreased in Cash by ₱82,928,288 was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.

The increase in trade and other receivables by ₱4,310,197 was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from PCSO and DSWD as the Company partially operated its hospital building and facilities in the second quarter of 2022.

The increase in inventories pertains mainly to higher purchases of medical suppliers and drugs and medicines for the nine months period ended September 30, 2022.

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

Property and equipment increased by 17% or ₱147,070,339 due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period. In second quarter of 2022, the Company launched partial operation of its hospital building and facilities. The amount of Construction-in-progress was reclassified to Hospital Building Account.

Intangible asset increased by 100%. The Company acquired intangible asset (hospital information system) in third quarter of the 2022 for Company's operation.

Deferred tax asset increased by ₱14,238,944 due to the recognition of DTA on NOLCO for the nine months ended September 30, 2022.

Payables increased by ₱63,312,909 was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment, and accrued expenses.

Advances from related parties decreased by ₱54,798,338. This was due to payments made on advances from shareholders in 2022.

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

The increase in equity ₱81,166,897 was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the six months period ended September 30, 2022.

Material Changes in Financial Condition

a. Cash decreased by ₱82.93M
was primarily due the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period. This was partly negated by proceeds from additional issuances of shares.
b. Receivables increased by ₱4.31M
was primarily due to Company's receivable from PhilHealth, receivables from patients and reimbursements from PCSO and DSWD as the Company started its partial operation in the second quarter of 2022.
c. Inventories increased by P5.79M
mainly to higher purchases of hospital, laboratory and dietary supplies for the nine months period ended September 30, 2022.
d. Prepayments and other current assets decreased by P84,482
was primarily due to prepaid taxes and licenses recognize as expense in 2022.
e. Property and equipment increased by ₱147.07M
due to additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.
f. Intangible asset increased by ₱1.28M
the Company acquired hospital information system in the third quarter of 2022 to be use for the Company's operation. The cost was negated from the amortization for the period.
g. Deferred tax asset increased by ₱14.24M
due to the recognition of DTA on NOLCO for the nine months ended September 30, 2022.
h. Payables increased by ₱63.31M
was mainly due to the purchases to suppliers of goods and services, accounts payable in relation to the construction of the hospital building and acquisition of medical equipment and supplies, and accrued expenses.
i. Advances from related parties decreased by ₱54.79M
due to payments made on advances from shareholders in 2022
j. Equity increased by ₱81.17M
was primarily due to proceeds from additional issuance of shares. This was reduced due to net loss incurred by the Company for the nine months period ended September 30, 2022.

RESULTS OF OPERATIONS

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

		For the nine months ended			Horizontal Analysis		Vertical Analysis	
		30-Sep-22	30-Sep-21		Inc (Dec)	%age	30-Sep-22	30-Sep-21
Revenues	₱	106,108,586 ₱	1,561,765	₱	104,546,821	100%	100%	100%
Cost of sales and services		(118,532,460)	(1,259,067)		119,791,527	100%	-112%	-81%
Other income		3,036,379	60,853		2,975,526	4890%	3%	4%
Operating expenses		(47,448,650)	(9,839,814)		37,608,836	382%	-45%	-630%
Income tax benefit		14,238,944	2,375,363		11,863,581	499%	13%	152%
Net loss	**₱**	**(42,597,201) ₱**	**(7,100,900)**	**₱**	**35,496,301**	**500%**	-40%	-455%

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

Revenue generated for the nine months period amounts ₱106.10M. This was from the operation of the Out-Patient Department, Pharmacy and Laboratory and the Company's partial operation of the hospital as of third quarter of 2022.

Cost of sales and services for the nine months period ended September 30, 2022 amounted to ₱118.53M. This was directly associated with the start of the Company's partial operation as of third quarter of 2022. The major component of the cost of sales and services are professional fees, employee's salaries and wages, depreciation expense, medical supplies, communication, light and water and outside services.

Other income increased by 4,890%. This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.

The 382% increase in operating expenses for the nine months ended September 30, 2022 compared with the September 30, 2021 was primarily due to significant increase in all expenses as of third quarter in relation to the partial operation of the hospital.

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

Loss for the nine months ended September 30, 2022 is higher compared to nine months ended September 30, 2021 primarily due to the significant increase of expenses as the Company partially operate its hospital as of the third quarter of 2022.

Material Changes in Operating Results

a. Revenue increased by 100% This was from the operation of the Out-Patient Department, Pharmacy and Laboratory and the Company's partial operation of the hospital as of third quarter of 2022.
b. Cost of Sales increased by 100% This was directly associated with the start of the Company's operation for the nine months ended September 30, 2022. The major component of the cost of sales and services are professional fees, employee's salaries and wages, depreciation expense, medical supplies, communication, light and water and outside services.
c. Operating Expenses increased by 382% This was primarily due to significant increase in all expenses as of third quarter in relation to the partial operation of the hospital.
d. Other income increased by 4,890% This is primarily due to increase in miscellaneous income in relation to the operation of the hospital.
c. Income tax benefit increased by 499% Due to higher expenses in 2022 resulting to higher taxable loss.
d. Loss increased by 500% Primarily due to the significant increase of expenses as the Company partially operate its hospital for the nine months ended September 30, 2022

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Sep. 30, *2022*	**Sep. 30, *2021***
1. Liquidity **a. Quick ratio** - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R) / current liabilities]	0.127:1	1.171:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.172:1	1.191:1
2. Solvency **a. Debt to equity ratio** - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.633:1	2.739:1
3. Profitability **a. Net profit margin** - ability to generate surplus for stockholder (net income / sales)	(0.401):1	(4.55):1

b. Return on equity - ability to generate returns on investment of stockholders. (net income /average equity)	(0.161):1	(0.041):1
4. Leverage **b. Debt to total asset ratio -** the proportion of total assets financed by creditors. (total debt / total assets) **c. Asset to equity ratio -** indicator of the overall financial stability of the Company. (total assets / equity)	0.725:1 3.633:1	0.733:1 3.739:1
2. **Interest Rate Coverage Ratio** **a. Interest rate coverage ratio -** measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	(2.973):1	(0.484):1

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

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

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

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

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

There were no significant elements of income or loss that did not arise from the Company's continuing operations. In the last quarter of 2021, the Company accepted outpatient on limited capacity and in first quarter of 2022, the Company opened the Pharmacy and Laboratory. In second quarter of 2022, the Company has launched partial operation of its hospital building and facilities.

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:

em. guel

DRA. EDITHA C. MIGUEL
President

Date: November 3, 2022

SPalanca

DRA. LUMEN R. PALANCA
Treasurer

Date: November 3, 2022

ANNEX A

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

UNAUDITED FINANCIAL STATEMENTS
For the Nine Months Ended September 30, 2022
(With Comparative Figures as at December 31, 2021 and Nine Months Ended September 30, 2021)

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

	Notes		**September 30, 2022 (Unaudited)**		December 31, 2021 (Audited)
ASSETS					
Current Assets					
Cash	*4,5,6*	₱	**19,371,097**	₱	102,299,385
Trade and other receivables	*4,5,7*		**4,363,197**		53,000
Inventories	*4,8*		**7,782,373**		1,990,948
Prepayments and other current assets	*4,9*		**605,000**		689,482
Total Current Assets			**32,121,667**		105,032,815
Non-current Assets					
Property and equipment - net	*4,5,10*		**1,031,644,593**		884,574,254
Intangible asset	*4,5,11*		**1,283,333**		-
Deferred tax asset	*4,20*		**22,777,778**		8,538,834
Total Non-Current Assets			**1,055,705,704**		893,113,088
TOTAL ASSETS		₱	**1,087,827,371**	₱	998,145,903
LIABILITIES AND EQUITY					
Current Liabilities					
Payables	*4,12*	₱	**163,420,636**	₱	100,107,727
Loans payable	*4,13*		**23,437,500**		18,750,000
Advances from related parties	*4,21*		**-**		54,798,338
Total Current Liabilities			**186,858,136**		173,656,065
Non-Current Liabilities					
Loans payable	*4,13*		**601,562,500**		606,250,000
Total Liabilities			**788,420,636**		779,906,065
Equity					
Share capital	*4,14*		**218,600,000**		206,800,000
Share premium	*4,14*		**151,164,098**		39,200,000
Accumulated deficits	*4*		**(70,357,363)**		(27,760,162)
Equity, net			**299,406,735**		218,239,838
TOTAL LIABILITIES AND EQUITY		₱	**1,087,827,371**	₱	998,145,903

(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, 2022 and 2021

	Notes	January - September		July - September	
		2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
REVENUES	*4,15*	₱ **106,108,586**	₱ 1,561,765	₱ **63,904,672**	₱ 1,561,765
COST OF SALES AND SERVICES	*4,17*	**(118,532,460)**	(1,259,067)	**(45,113,199)**	(1,259,067)
GROSS PROFIT		**(12,423,874)**	302,698	**18,791,473**	302,698
OTHER INCOME	*4,16*	**3,036,379**	60,853	**1,439,999**	50,241
GROSS INCOME (LOSS)		**(9,387,495)**	363,551	**20,231,472**	352,939
OPERATING EXPENSES	*4,18*	**(47,448,650)**	(9,839,814)	**(13,696,236)**	(7,696,488)
INCOME (LOSS) BEFORE TAX		**(56,836,145)**	(9,476,263)	**6,535,236**	(7,343,549)
INCOME TAX EXPENSE (BENEFIT)	*4,20*	**(14,238,944)**	(2,375,363)	**1,630,896**	(1,841,515)
INCOME (LOSS) FOR THE PERIOD		**(42,597,201)**	(7,100,900)	**4,904,340**	(5,502,034)
COMPREHENSIVE INCOME (LOSS)		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)		₱ **(42,597,201)**	₱ (7,100,900)	₱ **4,904,340**	₱ (5,502,034)

(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, 2022 and 2021

	Notes	September 30	
		2022 (Unaudited)	2021 (Unaudited)
SHARE CAPITAL	*4,14*		
Balance, beginning of the year		₱ **206,800,000**	₱ 120,000,000
Issuance of shares		**11,800,000**	86,490,000
Balance, end of the year		**218,600,000**	206,490,000
SHARE PREMIUM	*4,14*		
Balance, beginning of the year		**39,200,000**	-
Issuance of shares		**111,964,098**	34,860,000
Balance, end of the year		**151,164,098**	34,860,000
ACCUMULATED DEFICITS	*4*		
Balance, beginning of the year		**(27,760,162)**	(5,451,776)
Loss for the period		**(42,597,201)**	(7,100,900)
Balance, end of the year		**(70,357,363)**	(12,552,676)
EQUITY, net		₱ **299,406,735**	₱ 228,797,324

(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, 2022 and 2021

	Notes	September 30 2022 (Unaudited)	September 30 2021 (Unaudited)
CASH FLOWS FROM PRE OPERATING ACTIVITIES			
Loss for the period		₱ **(56,836,145)**	₱ (9,476,263)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Interest income	*4,16*	**(119,630)**	(25,189)
Depreciation	*4,10,17,18*	**18,011,136**	95,054
Amortization	*4,11,18*	**116,667**	-
Operating loss before changes in working capital		**(38,827,972)**	(9,406,398)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	*4,5,7*	**(4,310,197)**	3,729,431
Advances to contractors and suppliers		**-**	(305,397)
Inventories	*4,8*	**(5,791,425)**	(757,909)
Prepayments and other current assets	*4,9*	**84,482**	559,288
Increase (decrease) in:			
Payables	*4,12*	**84,902,279**	37,311,837
Cash generated from operation		**36,057,167**	31,130,852
Interest received	*4,16*	**119,630**	25,189
Net cash provided by operating activities		**36,176,797**	31,156,041
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*4,5,10*	**(165,081,475)**	(268,820,253)
Intangible asset	*4,5,11*	**(1,400,000)**	-
Interest income received	*4,6,10*	**7,618**	-
Interest expense paid	*4,10,12*	**(21,596,988)**	(8,167,093)
Net cash used in investing activities		**(188,070,845)**	(276,987,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan	*4,13*	**-**	137,500,000
Proceeds from issuance of shares	*4,14*	**123,764,098**	37,350,000
(Payments) Proceeds from advances from related	*4,21*	**(54,798,338)**	27,666,789
Net cash provided by financing activities		**68,965,760**	202,516,789
NET DECREASE IN CASH		**(82,928,288)**	(43,314,516)
CASH AT THE BEGINNING OF THE YEAR		**102,299,385**	125,900,172
CASH AT THE END OF THE YEAR		₱ **19,371,097**	₱ 82,585,656

(See accompanying Notes to Financial Statements)

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 registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulations Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

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

Status of Operation

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

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

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

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

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

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

  - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

New and Amended PFRS Issued But Not Yet Effective

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

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

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

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

Deferred effectivity -

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at September 30, 2022 and December 31, 2021, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

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

As at September 30, 2022 and December 31, 2021, the Company's cash and trade and other receivables are classified under this category. (Note 6 and 7)

Financial Assets at FVOCI.

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

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

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

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

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

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

As at September 30, 2022 and December 31, 2021, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost

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

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

As at September 30, 2022 and December 31, 2021, the Company's payables (except government statutory payables), advances from related parties, and loans payable accounts are classified under this category. (Note 12, 21 and 13)

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

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

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

Derecognition of Financial Assets Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Inventories

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

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

Prepayments and Other Current Assets

Prepayments and other current asset represent advance payments of Company expenses and prepaid taxes and licenses applicable in subsequent period. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

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

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

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

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Intangible Assets

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

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

Impairment of Non- Financial Assets

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

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building.

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

Share Capital

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

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

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

Deficits

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

Revenue

Revenue recognition

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

Revenue is recognized as follows:

Hospital revenue

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

Sale of drugs and medicines

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

Other income

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

Finance income

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

Expenses

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

Cost of sales and services

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

General and administrative expense

General & administrative expenses represent expenses such as employees' compensation and other benefits, professional fees, taxes and licenses, office supplies, outside services, meetings and conferences, depreciation, transportation and travel, communication, light and water, representation, repairs and maintenance, advertising and promotions, fines and penalties, rental and other costs attributable to administrative, marketing and other business activities of the Company.

Borrowing cost

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

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

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

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

Employee Benefits

Short-term benefits

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

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

Retirement Benefits

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

Related Parties

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

Provisions and contingencies

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

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

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

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

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

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

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

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

Subsequent events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgment

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

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.

As of September 30, 2022 and December 31, 2021, management believes that there are no expected credit losses in relation to their financial assets, accordingly, no loss allowance was recognized for the year. Details about the ECL on the Company's financial assets are disclosed in Note 22.

Assessment of Impairment of Nonfinancial Assets

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

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

Determination of Net Realizable Value of Inventories

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

Estimates

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

Estimating useful lives of property and equipment

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

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

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

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at September 30, 2022 will be fully utilized in the coming years. The carrying value of deferred tax assets as of the reporting dates is disclosed in Note 20.

NOTE 6 - CASH

This account consists of:

	30-Sept-22 (Unaudited	31-Dec-21 (Audited)
Cash on hand	₱ 63,000	₱ 5,000
Cash in banks	19,308,097	102,294,385
	₱ 19,371,097	₱ 102,299,385

Cash in bank generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱127,248, ₱66,610 and ₱65,549 for the for the nine months ended September 30, 2022, year ended December 31, 2021, and nine months ended September 30, 2021, respectively, and are presented as follows:

	30-Sept-22 (Unaudited	31-Dec-21 (Audited)	30-Sept-21 (Unaudited)
Interest income (Note 16)	₱ 119,630	₱ 23,163	₱ 25,189
Construction in progress – Reduction on capitalized borrowing cost (Note 10)	7,618	43,447	40,360
	₱ 127,248	₱ 66,610	₱ 65,549

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	30-Sept-22 (Unaudited)	31-Dec-21 (Audited)
Trade receivables	₱ 3,986,413	₱ -
Advances to officers and employees	196,784	53,000
Others	180,000	-
	₱ 4,363,197	₱ 53,000

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

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

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

As of September 30, 2022 and December 31, 2021, management believes that there are no expected credit losses in relation to their financial assets, accordingly, no loss allowance was recognized for the year. Details about the ECL on the Company's financial assets are disclosed in Note 22.

NOTE 8 - INVENTORIES

This account pertains to medical supplies and drugs and medicines. This amounts to ₱7,782,373 and ₱1,990,948 as at September 30, 2022 and December 31, 2021, respectively.

The Company recognized as expense, inventories costing ₱20,901,358, ₱1,061,785 and ₱875,433 for the for the nine months ended September 30, 2022, year ended December 31, 2021, and nine months ended September 30, 2021, 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-22 (Unaudited)		31-Dec-21 (Audited)
Prepaid expenses	₱	**605,000**	₱	605,000
Prepaid taxes and licenses		**-**		84,482
	₱	**605,000**	₱	689,482

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

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

NOTE 10 - PROPERTY AND EQUIPMENT – net

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

September 30, 2022 (Unaudited)

	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	-	76,151,616	46,541,986	-	122,693,602
Disposal	-	-	-	-	-
Reclassification	-	(810,749,588)	810,749,588	-	-
September 30, 2022	50,273,850	-	857,291,574	2,002,470	909,567,894
Accumulated depreciation					
January 1, 2022	-	-	-	66,605	66,605
Depreciation	-	-	8,572,916	133,642	8,706,558
Disposal	-	-	-	-	-
September 30, 2022	-	-	8,572,916	200,247	8,773,163
Carrying amount					
September 30, 2022	50,273,850	-	848,718,658	1,802,223	900,794,731

	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	122,693,602	38,839,158	2,537,961	1,010,754	165,081,475
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
September 30, 2022	909,567,894	127,051,973	15,598,448	1,279,694	1,053,498,009
Accumulated depreciation					
January 1, 2022	66,605	3,048,524	713,875	13,276	3,842,280
Depreciation	8,706,558	7,012,300	2,095,614	196,664	18,011,136
Disposal	-	-	-	-	-
September 30, 2022	8,773,163	10,060,824	2,809,489	209,940	21,853,416
Carrying amount					
September 30, 2022	900,794,731	116,991,149	12,788,959	1,069,754	1,031,644,593

December 31, 2021 (Audited)

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

Depreciation expenses amounted to ₱18,469,469 for the nine months ended September 30, 2022, ₱3,748,417 for the year ended December 31, 2021 and ₱95,054 for the nine months ended September 30, 2021. These are presented in the statements of comprehensive income (loss) as follows:

	30-Sept-22 (Unaudited)	31-Dec-21 (Audited)	30-Sept-21 (Unaudited)
Cost of sales and services	**₱ 14,386,258**	₱ 3,115,129	₱ -
General and administrative expenses	**3,624,878**	633,288	95,054
Total	**₱ 18,011,136**	₱ 3,748,417	₱ 95,054

The Company bought six (6) parcels of land with a total lot area of 7,051 sq. m. this is situated in Tiniguiban, Puerto Princesa, City of Palawan. These properties were used as a site for the construction of hospital building. The land together with all the buildings and improvements were used as collateral in the Company's bank loan. The carrying value of the land and the buildings and improvements used as collateral for the loan amounted to ₱898,992,508 and ₱784,871,822 as at September 30, 2022 and December 31, 2021. (Note 13)

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

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

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

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

Capitalized borrowing cost were reduced by the interest income earned from bank deposit where the proceeds from the loan is deposited. This amounted to ₱7,618 and ₱43,447 for the nine months ended September 30, 2022 and year ended December 31, 2021, respectively.

As of September 30, 2022 and December 31, 2021, unpaid billings from contractors and suppliers including retention payable amounted to ₱151,510,402 and ₱91,128,402, respectively. (Note 12)

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, 2022 is shown below:

		September 30, 2022
Cost		
Balance, beginning of the year	₱	-
Additions		1,400,000
Disposal		-
Balance, end of the year		1,400,000
Accumulated Amortization		
Balance, beginning of the year		-
Amortization		116,667
Disposal		-
Balance at end of year		116,667
Carrying amount	₱	1,283,333

No impairment losses were recognized for the nine months ended September 30, 2022. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 12 - PAYABLES

This account consists of:

	30-Sept-22 (Unaudited	31-Dec-21 (Audited)
Accounts payable	₱ 128,002,282	₱ 61,254,230
Retention payable	23,508,120	29,874,172
Accrued expenses	5,806,191	789,793
Accrued interest payable	5,043,763	7,517,486
Government statutory payable	1,060,280	672,046
	₱ 163,420,636	₱ 100,107,727

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

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

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

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

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

NOTE 13 - LOANS PAYABLE

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

	30-Sept-22 (Unaudited	31-Dec-21 (Audited)
Current	**₱ 23,437,500**	₱ 18,750,000
Non-current	**601,562,500**	606,250,000
Total	**₱ 625,000,000**	₱ 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 used as collateral for the loan amounted to ₱898,992,508 and ₱784,871,822 as at September 30, 2022 and December 31, 2021. (Note 10)

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

Movement of loans payable is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	**₱ 625,000,000**	₱ 425,000,000
Proceeds	-	200,000,000
Payments	-	-
Ending balance	**₱ 625,000,000**	₱ 625,000,000

Total interest capitalized from this loan amounted to ₱19,108,029 and ₱29,590,155 as at September 30, 2022 and December 31, 2021, respectively. (Note 10)

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

NOTE 14 - SHARE CAPITAL

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

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)		September 30, 2021 (Unaudited)	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
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	**218,000,000**	**218,000**	206,200,000	206,200	205,890,000	205,890
Founder's shares – ₱1,000 par value	**600,000**	**600**	600,000	600	600,000	600
	218,600,000	**218,600**	206,800,000	206,800	206,490,000	206,490
Less: Subscription receivable						
Common shares - ₱1,000 par value	**-**	**-**	-	-	-	-
Issued and outstanding	**₱218,600,000**	**218,600**	₱206,800,000	206,800	₱206,490,000	206,490

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

	30-Sept-22 (Unaudited)	31-Dec-21 (Audited)	30-Sept-21 (Unaudited)
Outstanding, beginning	**206,800**	120,000	120,000
Issuance	**11,800**	86,800	86,490
Reacquisition	**-**	-	-
Outstanding, ending	**218,600**	206,800	206,490

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 (₱240,000,000.00) divided into Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares and Six Hundred (600) Founders' shares, both with the par value of One Thousand Pesos (₱1,000.00) per share.

As at September 30, 2021, subsequent to the issuance of the Company's permit to sell securities on March 29, 2021, the Company issued through public offering **Two thousand Four Hundred**

Ninety (2,490) common shares. The related share premium arising from this sale, amounted to ₱34,860,000 at a price of ₱150,000 per block of ten (10) shares. Total share premium paid as at September 30, 2021 amounted to ₱34,860,000.

As at December 31, 2021, subsequent to the issuance of the Company's permit to sell securities on March 29, 2021, the Company issued through public offering Two Thousand Eight Hundred (2,800) common shares. The related share premium arising from this sale, amounted to ₱39,200,000 at a price of ₱150,000 per block of ten (10) shares. Total share premium received as at December 31, 2021 amounted to ₱39,200,000.

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

NOTE 15 - REVENUES

Details of the Company's revenue are as follows:

	January – September		July-September	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hospital revenue	**₱ 96,614,168**	₱ 1,407,624	**₱** 61,579,502	₱ 1,407,624
Sale of drugs and medicines	**9,494,418**	154,141	2,325,170	154,141
	₱ 106,108,586	₱ 1,561,765	**₱** 63,904,672	₱ 1,561,765

NOTE 16 - OTHER INCOME

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

	January – September		July - September	
	2022	2021	**2022**	2021
	(Unaudited	(Unaudited)	**(Unaudited)**	(Unaudited)
Maintenance fees	**₱ 2,163,149**	₱ -	**₱ 878,350**	₱ -
Rental income	**610,000**	-	**550,000**	-
Interest income	**119,630**	25,189	**11,649**	14,577
Other income	**243,400**	35,664	**-**	35,664
	₱ 3,036,379	₱ 60,853	**₱ 1,439,999**	₱ 50,241

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	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited	**(Unaudited)**	(Unaudited
Employees' compensation and other benefits	**₱ 41,088,648**	₱ 250,005	**₱ 8,404,307**	₱ 250,005
Professional fees	**32,842,956**	74,191	**16,486,845**	74,191
Depreciation	**14,386,258**	59,438	**5,357,820**	59,438
Medical supplies (Note 8)	**14,262,903**	875,433	**3,906,246**	875,433

Drugs and medicines (Note 8)		**6,638,455**		-		**4,883,021**		-
Communication, light and water		**5,185,539**		-		**3,360,737**		-
Outside services		**2,152,969**		-		**1,043,966**		-
Dietary		**1,219,397**		-		**914,922**		-
Service fees		**755,335**		-		**755,335**		-
	₱	**118,532,460**	₱	1,259,067	₱	**45,113,199**	₱	1,259,067

NOTE 18 - OPERATING EXPENSES

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

		January to September				**July to September**		
		2022		2021		**2022**		2021
		(Unaudited)		(Unaudited)		**(Unaudited)**		(Unaudited)
Directors' allowances and officers' compensation	₱	**18,000,000**	₱	-	₱	-	₱	-
Employees' compensation and other benefits (Note 19)		**14,952,258**		4,429,066		**8,373,274**		3,942,697
Depreciation (Note 10)		**3,624,878**		35,616		**2,603,239**		11,872
Advertising and promotions		**2,271,918**		1,705,221		**630,000**		1,304,121
Office supplies		**2,241,172**		450,959		**670,871**		341,120
Communication, light and water		**1,929,674**		303,731		**102,507**		274,089
Outside services		**1,615,024**		696,582		**262,142**		292,302
Transportation and travel		**715,558**		348,810		**259,575**		302,580
Professional fees		**592,411**		543,619		**271,278**		146,989
Meetings and conferences		**458,027**		282,976		**108,200**		214,270
Repairs and maintenance		**197,401**		12,608		**178,401**		7,788
Taxes and licenses		**196,650**		965,217		**21,360**		826,960
Rentals		**172,200**		-		**83,000**		-
Representation		**171,207**		7,934		**10,223**		-
Amortization		**116,667**				**116,667**		-
Membership fees		**28,848**		25,500		**-**		25,500
Bank charges		**880**		-		**780**		-
Miscellaneous		**163,877**		31,975		**4,721**		6,200
	₱	**47,448,650**	₱	9,839,814	₱	**13,696,238**	₱	7,696,488

NOTE 19 - EMPLOYEE'S COMPENSATION AND OTHER BENEFITS

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

		30-Sept-22 (Unaudited)		30-Sept-21 (Unaudited)
Salaries, wages and bonuses	₱	**52,207,449**	₱	4,656,013
SSS, PHIC, and HDMF contributions		**3,833,457**		23,058
	₱	**56,040,906**	₱	4,679,071

NOTE 20 - INCOME TAXES

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

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

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

The recognized net deferred tax assets as of December 31, 2020 were remeasured to 25% in the current period. This resulted in a decline in the recognized net deferred tax assets in 2020 by ₱296,982. The amount was charged to December 31, 2021 income tax expense.

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

	January – September		July – September	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Current	₱ -	₱ -	₱	₱ -
Deferred	**(14,238,944)**	(2,375,363)	**1,630,896**	(1,841,515)
	₱ (14,238,944)	₱ (2,375,363)	**₱ 1,630,896**	₱ (1,841,515)

Reconciliation between statutory tax and effective tax follows:

	January – September		July – September	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Income tax at statutory rate	**₱ (14,209,036)**	₱ (2,369,066)	**₱ 1,633,809**	₱ (1,835,887)
Tax effect of income subject to final tax	**(29,908)**	(6,297)	**(2,913)**	(5,628)
Tax effect of non-deductible representation expense	**-**	-	**-**	-
Effective income tax	**₱ (14,238,944)**	₱ (2,375,363)	**₱ 1,630,896**	₱ (1,841,515)

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

	January – September		July – September	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
Income (loss) before tax	**₱ (56,836,145)**	₱ (9,476,263)	**₱ 6,535,236**	₱ (7,343,549)
Permanent differences:				
Interest income	**(119,630)**	(25,189)	**(11,649)**	(22,512)
Non-deductible representation	**-**	-	**-**	-

Taxable loss	**(56,955,775)**	(9,501,452)	**6,523,587**	(7,366,061)
Tax rate	**25%**	25%	**25%**	25%
	(14,238,944)	(2,375,363)	**1,630,896**	(1,841,515)
Minimum Corporate Income				
Taxable gross income	**-**	-	**20,219,823**	-
Tax rate	**1%**	1%	**1%**	1%
	-	-	**202,198**	-

An analysis of DTA follows:

	30-Sept-22 (Unaudited)	30-Sept-21 (Unaudited)
DTA arising from NOLCO	**₱ 22,777,778**	₱ 4,157,255

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 (NOLCO)
2022	2025	₱ 56,955,775	₱ -	₱ -	₱ 56,955,775
2021	2025	29,000,945	-	-	29,000,945
2020	2025	1,171,178	-	-	1,171,178
2019	2022	3,983,216	-	-	3,983,216
		₱ 91,111,114	₱ -	₱ -	₱ 91,111,114

NOTE 21 - RELATED PARTY TRANSACTIONS

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

September 30, 2022 (Unaudited)

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

December 31, 2021(Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Shareholders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	
	Conversion to equity	(84,000,000)	₱ 54,798,338		Unsecured

Receivable from ACEMC-Dagupan, Inc

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

Cash Advances

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

Key Management Personnel Compensations

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

NOTE 22 - 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 September 30, 2022 and December 31, 2021 based on contractual undiscounted payment.

	September 30, 2022 (Unaudited)			
	Within 3 months	**1 Year**	**Above 1 Year**	**Total**
Payables	**₱ 162,360,356**	**₱ -**	**₱ -**	**₱ 162,360,356**
Loans payable	**-**	**60,296,101**	**753,637,802**	**813,933,902**
Advances from related parties	**-**	**-**	**-**	**-**
	₱ 162,360,356	**₱ 60,296,101**	**₱ 753,637,802**	**₱ 976,294,258**

	December 31, 2021 (Audited)			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 99,435,681	₱ -	₱ -	₱ 99,435,681
Loans payable	-	31,465,787	826,498,021	857,963,808
Advances from related parties	-	54,798,338	-	54,798,338
	₱ 99,435,681	₱ 86,264,125	₱826,498,021	₱1,012,197,827

**Payables excludes government statutory payables amounting to ₱1,226,573 and ₱672,046 for September 30, 2022 and December 31, 2021, respectively.*

Market Risks

Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loan amounting to ₱625M as at September 30, 2022 and December 21, 2021, which are subject to interest rate repricing. (See Note 13)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax	
	30-Sept-22	31-Dec-21
+1%	**₱ (6,250,000)**	₱ (6,250,000)
-1%	**6,250,000**	6,250,000

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge 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, 2022 and December 31, 2021.

Credit Quality per Class of Financial Asset

	September 30, 2022 (Unaudited)					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 19,308,097	₱-	₱-	₱-	₱-	₱ 19,308,097
Trade and other receivables	4,363,197	-	-	-	-	4,363,197
	₱ 23,671,294	₱-	₱-	₱-	₱-	₱ 23,671,294

	December 31, 2021 (Audited)					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 102,294,385	₱-	₱-	₱-	₱-	₱ 102,294,385
Receivables	53,000	-	-	-	-	53,000
	₱ 102,347,385	₱-	₱-	₱-	₱-	₱ 102,347,385

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.

	30-Sept-22 (Unaudited)	31-Dec-21 (Audited)
Cash	**₱ 19,308,097**	₱ 102,294,385
Trade and other receivables	**4,363,197**	53,000
	₱ 23,671,294	₱ 102,347,385

Cash excludes petty cash fund and cash on hand amounting to ₱63,000 and ₱5,000 for September 30, 2022 and December 31, 2021, 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

Trade Receivables

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

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

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

On that basis, the loss allowance as at September 30, 2022 was determined based on months past due, as follows for trade receivables:

	September30, 2022 (Unaudited)					
	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	0%	2%	5%	7%	10%	
Trade receivables	P 4,363,197					P 4,363,197
Loss allowance	P -	P -	P -	P -	P -	P -

Other Receivables

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

Capital Management

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

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

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

	30-Sept-22 (Unaudited)	31-Dec-21 (Audited)
Total liabilities (a)	₱ 788,420,636	₱ 779,906,065
Total equity (b)	299,406,735	218,239,838
Debt-to-equity ratio (a/b)	2.63:1	3.57:1

Fair Value Measurement

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

		September 30, 2022 (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	₱ 19,371,097	₱-	₱ 19,371,097	₱-
Trade and other receivables	7	4,363,197	–	4,363,197	–
		₱ 23,734,294	₱-	₱ 23,734,294	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	12	₱ 162,360,356	₱–	₱ 162,360,356	₱–
Loans payable	13	625,000,000	–	625,000,000	–
Advances from related parties	21	-	–	-	–
		₱ 787,360,356	₱–	₱ 787,360,356	₱–

		December 31, 2021 (Audited)			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 102,299,385	₱-	₱ 102,299,385	₱-
Receivables	7	53,000	–	53,000	–
		₱ 102,352,385	₱-	₱ 102,352,385	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	12	₱ 99,435,681	₱–	₱ 99,435,681	₱–
Loans payable	13	625,000,000	–	625,000,000	–
Advances from related parties	21	54,798,338	–	54,798,338	–
		₱ 779,234,019	₱–	₱ 779,234,019	₱–

**Payables excludes government statutory payables amounting to ₱1,226,573 and ₱672,046 for September 30, 2022 and December 31, 2021, respectively.*

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

NOTE 23 - OTHER MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

Current Ratio

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	₱ 32,121,667	₱ 105,032,815
Total current liabilities	186,858,136	173,656,065
Current ratio	0.172:1	0.605:1

Quick Ratio

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liquid asset	₱ 23,734,294	₱ 102,352,385
Total current liabilities	186,858,136	173,656,065
Quick ratio	0.127:1	0.589:1

Working Capital to Total Asset

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Working capital	₱ (154,736,469)	₱ (68,623,250)
Total liabilities	788,420,636	779,906,065
Working capital ratio	-0.196:1	-0.088:1

Solvency Ratio

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Net income (loss) after tax + Depreciation	₱ (42,480,534)	₱ (18,559,969)
Total liabilities	788,420,636	779,906,065
Solvency ratio	-0.054:1	-0.024:1

Debt-to-equity Ratio

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	₱ 788,420,636	₱ 779,906,065
Total equity	299,406,735	218,239,838
Debt-to-equity ratio	2.633:1	3.574:1

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Total assets	₱ 1,087,827,371	₱ 998,145,903
Total equity	299,406,735	218,239,838
Asset to equity ratio	3.633:1	4.574:1

Interest Rate Coverage Ratio

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Pre-tax profit (loss) before interest	₱ (56,836,145)	₱ (29,065,328)
Interest	19,115,647	31,090,155
Interest rate ratio	-2.973:1	-0.935:1

Profitability Ratios

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net profit (loss) after tax	₱ (42,597,201)	₱ (7,100,900)
Total equity	299,406,735	228,797,324
	-0.142:1	-0.031:1

a.) Return on asset ratio

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net income (loss) after tax	₱ (42,597,201)	₱ (7,100,900)
Average assets	1,042,986,637	743,085,467
	-0.041:1	-0.01:1

b.) Return on equity ratio

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net profit (loss) after tax	₱ (42,597,201)	₱ (7,100,900)
Average equity	264,102,030	171,742,831

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

	-0.161:1	-0.041:1

c.) Gross Profit Margin Ratio

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net profit (loss) before tax	₱ **(42,597,201)**	₱ (7,100,900)
Gross profit	**(12,423,874)**	302,698
	3.429:1	-23.459:1

d.) Net Profit Margin

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Net profit (loss) after tax	₱ **(42,597,201)**	₱ (7,100,900)
Revenue	**106,108,586**	1,561,765
	-0.401:1	-4.547:1

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

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***		**(₱27,760,162)**
Add: Net income actually earned/realized during the period		**(42,597,201)**
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		**(42,597,201)**
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 -**

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

FINANCIAL STATEMENTS
December 31, 2021, 2020 and 2019

and

Report of Independent Auditors

ALLIED CARE EXPERTS
ACE
MEDICAL CENTER
PALAWAN
A member of ACE Group of Hospitals

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

AMADO MANUEL C. ENRIQUEZ JR.
Chairman of the Board

EDITHA C. MIGUEL
President

LUMEN R. PALANCA
Treasurer

Signed this 28th day of April, 2022.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the PUERTO PRINCESA CITY Philippines, this NOV 14 2022 affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE AND PLACE ISSUED

ATTY. ONOS B. MANGOTARA
Notary Public
NPL No. 2022-005 Until Dec 31, 2023
PTR No. 0581067/01.03.2022
IBP No. 032047/12.01.2021
Attorney's Roll No. 27750
MCLE Compliance No. VII-0007108
Valid Until April 14, 2025

Doc. No. 260
Page No. 79
Book No. XXXVI
Series of 20 22

BUREAU OF INTERNAL REVENUE
RDO 36, Puerto Princesa City
RECEIVED
ELISHA M. CAMACHO
Collection Section
Date: MAY 13 2022

**SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS**

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

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** for the year ended December 31, 2021, on which we have rendered the attached report dated April 28, 2022.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty-two (52) shareholders owning one hundred (100) or more shares of the Company's capital stock as of December 31, 2021, as disclosed in Note 14 to the financial statements.

PEREZ, SESE, VILLA & CO.

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

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
Firm – 0336-FR-1, valid until December 16, 2022
BIR AN – 06-002735-001-2021, valid until March 5, 2024
IC Accreditation
Partner -54588-IC, valid until December 3, 2024
Firm -0222-IC, valid until December 3, 2024
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
April 28, 2022

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.**, for the year ended December 31, 2021 and have issued our report thereon dated April 28, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

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

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
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Manila, Philippines
April 28, 2022

REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.** (the Company), which comprise the statements of financial position as at December 31, 2021, 2020 and 2019, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matter – Effect of COVID-19

We draw attention to Note 26 to the financial statements, which discussed the effect of COVID-19 on the Company. Our opinion is not modified with respect to this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 28 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
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Manila, Philippines
April 28, 2022

BUREAU OF INTERNAL REVENUE
RDO 36, Puerto Princesa City
RECEIVED
ELISHA M. CAMACHO
Collection Section
Date: MAY 13 2022

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021, 2020 and 2019

	Notes	2021	2020	2019
ASSETS				
Current Assets				
Cash	4,5,6	₱ 102,299,385	₱ 125,900,172	₱ 60,173,902
Receivables	4,5,7	53,000	3,729,431	952,182
Advances to contractors and suppliers	4,8	-	1,105,278	15,170,337
Inventories	4,9	1,990,948	-	-
Prepayments and other current assets	4,10	689,482	559,288	643,468
Total Current Assets		105,032,815	131,294,169	76,939,889
Non-current Assets				
Property and equipment	4,5,11	884,574,254	497,729,089	251,968,120
Deferred tax asset	4,20	8,538,834	1,781,892	1,430,539
Total Non-Current Assets		893,113,088	499,510,981	253,398,659
TOTAL ASSETS		₱ 998,145,903	₱ 630,805,150	₱ 330,338,548
LIABILITIES AND EQUITY				
Current Liabilities				
Payables	4,12	₱ 100,107,727	₱ 25,247,886	₱ 12,184,608
Loans payable	4,13	18,750,000	-	-
Advances from related parties	4,21	54,798,338	66,009,040	52,779,231
Total Current Liabilities		173,656,065	91,256,926	64,963,839
Non-Current Liabilities				
Loans payable	4,13	606,250,000	425,000,000	150,000,000
Total Liabilities		779,906,065	516,256,926	214,963,839
Equity				
Share capital	4,14	206,800,000	120,000,000	120,000,000
Share premium	4,14	39,200,000	-	-
Accumulated deficits	4	(27,760,162)	(5,451,776)	(4,625,291)
Equity, net		218,239,838	114,548,224	115,374,709
TOTAL LIABILITIES AND EQUITY		₱ 998,145,903	₱ 630,805,150	₱ 330,338,548

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Years Ended December 31, 2021, 2020 and 2019

	Notes	**2021**	2020	2019
REVENUES	*4,15*	₱ **3,937,282**	₱ -	₱ -
COST OF SALES AND SERVICES	*4,17*	**(15,050,297)**	-	-
GROSS LOSS		**(11,113,015)**	-	-
GENERAL AND ADMINISTRATIVE EXPENSES	*4,18*	**(18,015,476)**	(1,192,730)	(4,001,569)
OTHER INCOME	*4,16*	**63,163**	14,892	14,791
LOSS BEFORE TAX		**(29,065,328)**	(1,177,838)	(3,986,778)
INCOME TAX BENEFIT	*4,20*			
Current		-	-	-
Deferred		**(6,756,942)**	(351,353)	(1,194,965)
LOSS FOR THE YEAR		**(22,308,386)**	(826,485)	(2,791,813)
COMPREHENSIVE INCOME (LOSS)		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		₱ **(22,308,386)**	₱ (826,485)	₱ (2,791,813)

(See accompanying Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
RDO 36, Puerto Princesa City
RECEIVED
ELISHA M. CAMACHO
Collection Section
Date: MAY 13 2022

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF CHANGES IN EQUITY
For The Years Ended December 31, 2021, 2020 and 2019

	Notes	2021	2020	2019
SHARE CAPITAL	*4,14*			
Balance, beginning of the year		₱ **120,000,000**	₱ 120,000,000	₱ 70,000,000
Issuance of shares		**86,800,000**	-	50,000,000
Balance, end of the year		**206,800,000**	120,000,000	120,000,000
SHARE PREMIUM	-			
Balance, beginning of the year		₱ -	₱ -	₱ -
Issuance of shares		**39,200,000**	-	-
Balance, end of the year		**39,200,000**	-	-
ACCUMULATED DEFICITS	*4*			
Balance, beginning of the year		**(5,451,776)**	(4,625,291)	(1,833,478)
Loss for the year		**(22,308,386)**	(826,485)	(2,791,813)
Balance, end of the year		**(27,760,162)**	(5,451,776)	(4,625,291)
EQUITY, net		₱ **218,239,838**	₱ 114,548,224	₱ 115,374,709

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2021, 2020 and 2019

	Notes	2021	2020	2019
CASH FLOWS FROM PRE OPERATING ACTIVITIES				
Loss for the year		₱ **(29,065,328)**	₱ (1,177,838)	₱ (3,986,778)
Adjustment to reconcile net loss to net cash provided by pre operating activities:				
Interest income	*4,16*	**(23,163)**	(14,892)	(21,393)
Depreciation	*4,10,17*	**3,748,417**	41,374	26,452
Pre operating loss before changes in working capital		**(25,340,074)**	(1,151,356)	(3,981,719)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables	*4,5,7*	**3,676,431**	(2,777,249)	1,649,381
Advances to contractors and suppliers	*4,8*	**1,105,278**	14,065,059	(10,170,337)
Inventories	*4,9*	**(1,990,948)**	-	-
Prepayments and other current assets	*4,10*	**(130,194)**	84,180	(54,180)
Increase (decrease) in:				
Payables	*4,12*	**(16,268,561)**	(4,197,162)	(3,121,779)
Cash generated from (used for) pre operation		**(38,948,068)**	6,023,472	(15,678,634)
Interest received	*4,16*	**23,163**	14,892	14,791
Net cash provided by (used in) pre operating activities		**(38,924,905)**	6,038,364	(15,663,843)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	*4,5,11*	**(269,906,509)**	(225,108,263)	(166,036,532)
Interest expense paid	*4,10,13*	**(29,602,118)**	(3,480,496)	(4,542,986)
Interest income received	*4,6,10*	**43,447**	46,856	6,602
Net cash used in investing activities		**(299,465,180)**	(228,541,903)	(170,572,916)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	*4,15*	**42,000,000**	-	21,500,000
Proceeds from loan	*4,13*	**200,000,000**	275,000,000	170,000,000
Payment of loan	*4,13*	**-**	-	(20,000,000)
Payment of advances from related parties	*4,21*		-	-
Proceeds from advances from related parties	*4,21*	**72,789,298**	13,229,809	48,652,414
Net cash provided by financing activities		**314,789,298**	288,229,809	220,152,414
NET INCREASE (DECREASE) IN CASH		**(23,600,787)**	65,726,270	33,915,655
CASH AT THE BEGINNING OF THE YEAR		**125,900,172**	60,173,902	26,258,247
CASH AT THE END OF THE YEAR		₱ **102,299,385**	₱ 125,900,172	₱ 60,173,902

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-PALAWAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 and 2019

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 has not commenced official operation. The construction of its multidisciplinary medical facility was completed in the first quarter on 2022.

In the last quarter of 2021 the Company accepted outpatient on limited capacity

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2021 were approved and authorized for issue by the Board of Directors on April 28, 2022.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2021.

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

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

<u>New and Amended PFRS Issued But Not Yet Effective</u>

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent

Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

  - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

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

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

Deferred effectivity -

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at December 31, 2021, 2020 and 2019, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

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

As at December 31, 2021, 2020 and 2019, the Company's cash and receivables are classified under this category. (Note 6 and 7)

Financial Assets at FVOCI.

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

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

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

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

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

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

As at December 31, 2021, 2020 and 2019, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2021, 2020 and 2019, the Company's payables (except government statutory payables), advances from related parties, and loans payable accounts are classified under this category. (Note 12, 21 and 13)

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

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

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

Derecognition of Financial Assets Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Inventories

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

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

Prepayments and Other Current Assets

Prepayments and other current asset represent advance payments of Company expenses and prepaid taxes and licenses applicable in subsequent period. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

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

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

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

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Impairment of Non- Financial Assets

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

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building.

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

Share Capital

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

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

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

Retained Earnings

Retained earnings include income earned in current and prior periods 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:

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.

General and administrative expense

General & administrative expenses represent expenses such as employees' compensation and other benefits, professional fees, taxes and licenses, office supplies, outside services, meetings and conferences, depreciation, transportation and travel, communication, light and water, representation, repairs and maintenance, advertising and promotions, fines and penalties, rental and other costs attributable to administrative, marketing and other business activities of the Company.

Borrowing cost

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

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

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

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

Income Tax

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

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

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

Employee Benefits

Short-term benefits

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

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

Retirement Benefits

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

Related Parties

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

Provisions and contingencies

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

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

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

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

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

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

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

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

Subsequent events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgment

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

Assessment of Impairment of Nonfinancial Assets

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

No impairment loss was recognized in the Company's financial statements in either 2021, 2020 or 2019.

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
Office, Furniture and Equipment	3 - 5 years
Medical Equipment	5-10 years
Transportation Equipment	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2021 and 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of the reporting dates is disclosed in Note 20.

NOTE 6 - CASH

This account consists of:

	2021	2020	2019
Cash on hand	₱ **5,000**	₱ 5,000	₱ 5,000
Cash in banks	**102,294,385**	125,895,172	60,168,902
	₱ **102,299,385**	₱ 125,900,172	₱ 60,173,902

Cash in bank generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱66,610, ₱61,748 and ₱21,393 for the years 2021, 2020 and 2019, respectively, and is presented as follows:

	2021	2020	2019
Interest income (Note 16)	₱ **23,163**	₱ 14,892	₱ 21,393
Construction in progress – Reduction on capitalized borrowing cost (Note 11)	**43,447**	46,856	6,602
	₱ **66,610**	₱ 61,748	₱ 27,995

NOTE 7 - RECEIVABLES

This account consists of:

	2021	2020	2019
Advances to officers and employees	₱ **53,000**	₱ -	₱ 908,938
Receivables from related party	**-**	3,729,431	-
Other receivables	**-**	-	43,244
	₱ **53,000**	₱ 3,729,431	₱ 952,182

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

Receivable from related party pertains to non-interest bearing receivables from Allied Care Experts (ACE) Medical Center – Dagupan for the construction materials initially paid by the Company. (Note 21)

Others receivables pertains to payment made in connection with the registration of purchased land which is subject to liquidation upon transfer of titles of the properties.

NOTE 8 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account represents payment made to contractor for services rendered and suppliers for purchases of materials and medical equipment. Based on the contracts with the building contractor, this payment shall be liquidated from every subsequent progress billings/payment to be made by the Company, by deducting from such progress billing an amount equivalent to ten percent (10%) of the actual cost of accomplishment as determined by the Company, such that, when the works are fully completed the down payment shall have been fully liquidated. This amounts to ₱-nil, ₱1,105,278 and ₱15,170,337 in 2021, 2020 and 2019 respectively.

NOTE 9 - INVENTORIES

This account pertains to medical supplies. This amounts to ₱1,990,948 and ₱-nil- in 2021, 2020 and 2019, respectively.

The Company recognized as expense, inventories costing ₱1,061,785 and ₱-nil-in 2021, 2020 and 2019 respectively. (Note 17)

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

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2021	2020	2019
Prepaid expenses	₱ **605,000**	₱ 559,288	₱ 643,468
Prepaid taxes and licenses	**84,482**	-	-
	₱ **689,482**	₱ 559,288	₱ 643,468

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

Prepaid taxes and licenses pertains to real property tax applicable in 2022.

NOTE 11 - PROPERTY AND EQUIPMENT - net

A reconciliation of the carrying amounts at the beginning and end of year 2021, 2020 and 2019 of property and equipment is shown below:

2021

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

2020

	Land	Construction in Progress	Office Furniture and Equipment	Total
Costs				
January 1, 2020	₱ 50,273,850	₱201,554,087	₱ 192,672	₱ 252,020,609
Additions	-	245,503,243	299,100	245,802,343
Disposals	-			
December 31, 2020	50,273,850	447,057,330	491,772	497,822,952
Accumulated depreciation				
January 1, 2020	-	-	52,489	52,489
Additions	-	-	41,374	41,374
Disposals	-	-	-	-
December 31, 2020	-	-	93,863	93,863
Carrying Amount				
December 31, 2020	₱50,273,850	₱447,057,330	₱ 397,909	₱497,729,089

2019

	Land	Construction in Progress	Office Furniture and Equipment	Total
Costs				
January 1, 2019	₱48,425,736	₱ 21,506,765	₱ 111,052	₱ 70,043,553
Additions	1,848,114	180,047,322	81,620	181,977,056
Disposals	-	-	-	-
December 31, 20219	50,273,850	201,554,087	192,672	252,020,609
Accumulated depreciation				
January 1, 2019	-	-	26,037	26,037
Additions	-	-	26,452	26,452
Disposals	-	-	-	-
December 31, 2019	-	-	52,489	52,489

Carrying Amount December 31, 2019	₱50,273,850	₱201,554,087	₱ 140,183	₱251,968,120

Depreciation expenses amounted to ₱3,748,417 for the year 2021, ₱41,374 for the year 2020 and ₱26,452 for the year 2019. These are presented in the statements of comprehensive income (loss) as follows:

	2021	2020	2019
Cost of sales and services	**₱ 3,115,129**	₱ -	₱ -
General and administrative expenses	**633,288**	41,374	26,452
Total	**₱ 3,748,417**	₱ 41,374	₱ 26,452

The Company bought six (6) parcels of land with a total lot area of 7,051 sq. m. this is situated in Tiniguiban, Puerto Princesa, City of Palawan. These properties were used as a site for the construction of hospital building. The land together with all the buildings and improvements were used as collateral in the Company's bank loan. The carrying value of the land and the construction-in-progress used as collateral for the loan amounted to ₱784,871,822, ₱497,331,180 and ₱251,827,937 as at December 31, 2021, 2020 and 2019. (Note 13)

The Company entered into a construction agreement for the construction of multidisciplinary special medical facility (hospital) for an estimated projects cost is ₱769,210,000. This is expected to be completed by the first quarter of 2022. This is currently presented under Construction in Progress and will be reclassified to proper account upon completion.

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

As of December 31, 2021, construction in progress is 91% complete. Details of construction in progress is as follows:

	2021	2020	2019
Balance at beginning of period	**₱ 447,057,330**	₱ 201,554,087	21,506,765
Add: Construction and related costs incurred for the period	**256,461,272**	232,477,654	173,022,938
	703,518,602	431,031,741	194,529,703
Capitalized borrowing cost	**31,079,370**	13,025,589	7,024,384
	₱ 734,597,972	₱ 447,057,330	201,554,087

Capitalized borrowing cost were reduced by the interest income earned from bank deposit where the proceeds from the loan is deposited. This amounted to ₱43,447, ₱46,856 and ₱6,602 for the year ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, 2020 and 2019, unpaid billings from contractors and suppliers including retention payable amounted to ₱91,128,402, ₱17,260,440, and ₱11,397,538, respectively. (Note 12)

NOTE 12 - PAYABLES

This account consists of:

	2021	2020	2019
Accounts payable	₱ 61,254,230	₱ -	₱ -
Retention payable	29,874,172	17,260,440	11,397,538
Accrued interest payable	7,517,486	7,529,449	275,000
Accrued expenses	789,793	85,447	-
Government statutory payable	672,046	372,550	468,070
Others	-	-	44,000
	₱ 100,107,727	₱ 25,247,886	₱ 12,184,608

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

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

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

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

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

NOTE 13 - LOANS PAYABLE

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

	2021	2020	2019
Current	₱ 18,750,000	₱ -	-
Non-current	606,250,000	425,000,000	150,000,000
Total	₱ 625,000,000	₱ 425,000,000	150,000,000

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 as of December 31, 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 construction-in-progress used as collateral for the loan amounted to ₱734,597,972, ₱497,331,180 and ₱251,827,937 as at December 31, 2021, 2020 and 2019. (Note 11)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 to start after one (1) full year of commercial operations and at any time thereafter during the term of the loan, not permit the current ratio to be less than 1:1 at any time to start after one (1) full year of commercial operations, not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time to start after one (1) full year of commercial operations, incurrence of additional long-term indebtedness or guarantees and creation of property encumbrances. As at December 31, 2021, the Company is in compliance with the terms of its loan agreement.

Total interest capitalized from this loan amounted to ₱29,590,155 and ₱11,484,301 as at December 31, 2021 and 2020 respectively. (See Note 11)

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.

Far West Lending Investor

The Company entered into a short-term loan agreement with Far West Lending Investor 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. This amounted to ₱20,000,000 bearing an annual interest of 15% per annum payable monthly. The loan was fully paid in 2019.

Total interest capitalized from this loan amounted to ₱675,000 as at December 31, 2019. (See Note 11)

NOTE 14 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as of December 31, 2021, 2020 and 2019 are as follows:

	2021		2020		2019	
	Amount	**Number of Shares**	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
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	**206,200,000**	**206,200**	203,400,000	203,400	203,400,000	203,400
Founder's shares – ₱1,000 par value	**600,000**	**600**	600,000	600	600,000	600
	206,800,000	**206,800**	204,000,000	204,000	204,000,000	204,000
Less: Subscription receivable						

Common shares - ₱1,000 par value	-	-	(84,000,000)	(84,000)	(84,000,000)	(84,000)
Issued and outstanding	**₱206,800,000**	**206,800**	₱120,000,000	120,000	₱120,000,000	120,000

A reconciliation of the outstanding shares at the beginning and end of December 31, 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Outstanding, beginning	**120,000**	120,000	70,000
Issuance	**86,800**	-	50,000
Reacquisition	**-**	-	-
Outstanding, ending	**206,800**	120,000	120,000

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 (₱240,000,000.00) divided into Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares and Six Hundred (600) Founders' shares, both with the par value of One Thousand Pesos (₱1,000.00) per share.

As at December 31, 2021, subsequent to the issuance of the Company's permit to sell securities on March 29, 2021, the Company issued through public offering Two Thousand Eight Hundred (2,800) common shares. The related share premium arising from this sale, amounted to ₱39,200,000 at a price of ₱150,000 per block of ten (10) shares. Total share premium received as at December 31, 2021 amounted to ₱39,200,000.

As at December 31, 2021, the Company has fifty-two (52) shareholders owning one hundred (100) and more shares of the Company's capital stock.

NOTE 15 - REVENUES

Details of the Company's revenue are as follows:

	2021	2020	2019
Hospital fees	**₱ 3,321,621**	₱ -	₱ -
Medical supplies	**615,661**	-	-
	₱ 3,937,282	₱ -	₱ -

NOTE 16 - OTHER INCOME

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

	2021	2020	2019
Rental income (Note 22)	**₱ 40,000**	₱ -	₱ -
Interest income	**23,163**	14,892	14,791
	₱ 63,163	₱ 14,892	₱ 14,791

NOTE 17 - COST OF SALES AND SERVICES

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

	2021	2020	2019
Employees' compensation and other benefits	₱ 6,711,362	₱ -	-
Professional fees	3,995,986	-	-
Depreciation	3,115,129	-	-
Medical supplies (Note 9)	1,061,785	-	-
Drugs and medicines	166,035	-	-
	₱ 15,050,297	₱ -	-

NOTE 18 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of the Company's general and administrative expenses are as follows:

	2021	2020	2019
Employees' compensation and other benefits (Note 19)	₱ 7,026,969	₱ 501,987	₱ 459,421
Advertising and promotions	2,587,587	-	426,000
Outside services	1,897,199	50,000	-
Communication, light and water	1,648,397	23,121	272,197
Office supplies	1,111,008	73,789	177,611
Taxes and licenses	965,217	134,680	1,618,545
Transportation and travel	694,826	35,394	280,526
Depreciation (Note 11)	633,288	41,374	26,452
Professional fees	581,719	248,600	637,245
Meetings and conferences	535,948	48,771	59,267
Representation	126,920	21,552	15,853
Repairs and maintenance	40,932	6,755	13,170
Membership fees	25,500	-	-
Rentals	8,000	-	-
Fines and penalties	-	-	2,500
Miscellaneous	131,966	6,707	12,782
	₱ 18,015,476	₱ 1,192,730	₱ 4,001,569

NOTE 19 - EMPLOYEE'S COMPENSATION AND OTHER BENEFITS

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

	2021	2020	2019
Salaries, wages and bonuses	₱ 13,594,167	₱ 479,602	₱ 447,077
SSS, PHIC, and HDMF contributions	144,164	22,385	12,344
	₱ 13,738,331	₱ 501,987	₱ 459,421

NOTE 20 - INCOME TAXES

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

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

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

The recognized net deferred tax assets as of December 31, 2020 were remeasured to 25% in the current period. This resulted in a decline in the recognized net deferred tax assets in 2020 by ₱296,982. The amount was charged to 2021 income tax expense.

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

	2021	2020	2019
Current	₱ -	₱ -	₱ -
Deferred tax expense (income) arising from:			
Temporary differences	(7,053,924)	(351,353)	(1,194,965)
Changes in tax rates	296,982	-	-
	₱ (6,756,942)	₱ (351,353)	₱ (1,194,965)

Reconciliation between statutory tax and effective tax follows:

	2021	2020	2019
Income tax at statutory rate	₱ (7,266,332)	₱ (270,851)	₱ (1,196,033)
Tax effect income subject to final tax	(5,791)	(86,968)	(4,437)
Tax effect of non-deductible fines and penalties	-	-	750
Tax effect of non-deductible representation expense	21,887	6,466	4,755
Tax effect of expiration of NOLCO	196,312	-	-
Adjustments of taxes of prior period	296,982	-	-
Effective income tax	₱ (6,756,942)	₱ (351,353)	₱ (1,194,965)

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

	2021	2020	2019
Loss before tax	₱ (29,065,328)	₱ (1,177,838)	₱ (3,986,778)
Permanent Differences:			
Interest income subjected to final tax	(23,163)	(14,892)	(14,791)
Non-deductible fines and penalties	-	-	2,500

	2021	2020	2019
Non-deductible representation expense	87,546	21,552	15,853
Taxable loss	(29,000,945)	(1,171,178)	(3,983,216)
Tax rate	25%	30%	30%
	₱ (7,250,236)	₱ (351,353)	₱ (1,194,965)

An analysis of DTA follows:

	2021	2020	2019
DTA arising from NOLCO	₱ 8,538,834	₱ 1,781,892	₱ 1,430,539

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 (NOLCO)
2021	2026	₱ 29,000,945	₱ -	₱ -	₱ 29,000,945
2020	2025	1,171,178	-	-	1,171,178
2019	2022	3,983,216	-	-	3,983,216
2018	2021	785,248	-	785,248	-
		₱ 34,940,587	₱ -	₱ 785,248	₱ 34,155,339

NOTE 21 - RELATED PARTY TRANSACTIONS

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

2021

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
ACEMC-Dagupan, Inc. (under common control)	Collection	₱3,729,531	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Founders	Advances	₱ 72,789,298		Non-interest bearing; payable in cash or the Shareholders may apply them tom their unpaid subscription; no scheduled repayment terms	Unsecured
	Conversion to equity	(84,000,000)	₱ 54,798,338		

2020

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

2019

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Founders	Advances	₱ 48,652,414	₱52,779,231	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Deposit for future stock subscription (Note 14)	(₱28,500,000)	₱ -		

Receivable from ACEMC-Dagupan, Inc

The Company's purchased constructions materials which were not delivered due to shipping problems were diverted and delivered to ACEMC-Dagupan, Inc. These were subsequently charged to ACEMC-Dagupan. These are non-interest bearing, payable in cash and with no scheduled repayment terms. The outstanding balance of these receivable were presented under Receivables account in the statements of financial position.

Cash Advances

The Company obtains cash advances from its founders to finance the Company's pre-operating expenses, other start up fund requirements and on-going construction of hospital building. In 2019, the Founders started charging the Company an interest rate of 5% to 6% on this advances. These are payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from related parties account in the statements of financial position. The interest-bearing advances were fully paid in 2020.

Total interest capitalized from these advances amounted to ₱3,393,630 and ₱1,889,453 as at December 31, 2020 and 2019, respectively. (Note 11)

Key Management Personnel Compensations

No compensation was paid to key management personnel of the Company in 2021, 2020 and 2019 since the Company is in its pre-operating stage.

NOTE 22 - 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 ₱40,000 in 2021. These are presented under other income in the statement of comprehensive income (loss). (Note 16)

NOTE 23 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

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

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

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

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2021, 2020 and 2019 based on contractual undiscounted payment.

	December 31, 2021			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 99,435,681	₱ -	₱ -	₱ 99,435,681
Loans payable	-	31,465,787	826,498,021	857,963,808
Advances from related parties	-	54,798,338	-	54,798,338
	₱ 99,435,681	₱ 86,264,125	₱826,498,021	₱1,012,197,827

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

	December 31, 2019			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 11,716,538	₱ -	₱ -	₱ 11,716,538
Loans payable	-	-	158,625,000	158,625,000
Advances from related parties	-	52,779,231	-	52,779,231
	₱ 11,716,538	₱ 52,779,231	₱158,625,000	₱223,120,769

**Payables excludes government statutory payables amounting to ₱672,046, ₱372,550 and ₱468,070 for 2021, 2020 and 2019, respectively.*

Market Risks

Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loan amounting to ₱625M, ₱425M and ₱150M as of December 21, 2021, 2020 and 2019, respectively, which are subject to interest rate repricing. (See Note 13)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2021	2020	2019
+1%	₱ (6,250,000)	₱ (4,250,000)	₱ (1,500,000)
-1%	6,250,000	4,250,000	1,500,000

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 December 31, 2021, 2020 and 2019

Credit Quality per Class of Financial Asset

	December 31, 2021					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 102,294,385	₱-	₱–	₱–	₱–	₱ 102,294,385
Receivables	53,000					53,000
	₱ 102,347,385					₱ 102,347,385

	December 31, 2020					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱125,895,172	₱-	₱–	₱–	₱–	₱125,895,172
Receivables	3,729,431	-	-	-	-	3,729,431
	₱129,624,603	-	-	-	-	₱129,624,603

	December 31, 2019					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 60,168,902	₱–	₱–	₱–	₱–	₱ 60,168,902
Receivables	952,182	-	-	-	-	952,182
	₱ 61,121,084	-	-	-	-	₱ 61,121,084

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

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

	2021	2020	2019
Cash	₱ 102,294,385	₱ 125,895,172	₱ 60,168,902
Receivables	53,000	3,729,431	952,182
	₱ 102,347,385	₱ 129,624,603	₱ 61,121,084

Cash excludes petty cash fund and cash on hand amounting to ₱5,000 in 2021, 2020 and 2019.

(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) Receivables

The loss allowance is determined using the general approach. 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 24 - CAPITAL MANAGEMENT

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

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

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

	2021	2020	2019
Total current liabilities	**₱ 173,656,065**	₱ 91,256,926	₱ 64,963,839
Total non-current liabilities	**606,250,000**	425,000,000	150,000,000
Total liabilities (a)	**779,906,065**	516,256,926	214,963,839
Total equity (b)	**₱ 218,239,838**	₱ 114,548,224	₱ 115,374,709
Debt-to-equity ratio (a/b)	**3.57:1**	4.51:1	1.86:1

NOTE 25 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2021, 2020 and 2019:

		2021			
			Fair Value		
	Note	**Carrying Amount**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed:					
Cash	**6**	**₱ 102,299,385**	**₱-**	**₱ 102,299,385**	**₱-**
Receivables	**7**	**53,000**	**–**	**53,000**	**–**
		₱ 102,352,385	**₱-**	**₱ 102,352,385**	**₱-**
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	**12**	**₱ 99,435,681**	**₱-**	**₱ 99,435,681**	**₱-**
Loans payable	**13**	**625,000,000**	**–**	**625,000,000**	**–**
Advances from related parties	**21**	**54,798,338**	**–**	**54,798,338**	**–**
		₱ 779,234,019	**₱-**	**₱ 779,234,019**	**₱-**

		2020			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 125,900,172	₱-	₱ 125,900,172	₱-
Receivables	7	3,729,431	–	3,729,431	–
		₱ 129,629,603	₱-	₱ 129,629,603	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	12	₱ 24,875,336	₱–	₱ 24,875,336	₱–
Loans payable	13	425,000,000	–	425,000,000	–
Advances from related parties	21	66,009,040	–	66,009,040	–
		₱ 515,884,376	₱–	₱ 515,884,376	₱–

		2019			
			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	₱ 60,173,902	₱-	₱ 60,173,902	₱-
Receivables	7	952,182	–	952,182	–
		₱ 61,126,084	₱-	₱ 61,126,084	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	12	₱ 11,716,538	₱–	₱ 11,716,538	₱–
Loans payable	13	150,000,000	–	150,000,000	–
Advances from related parties	21	52,779,231	–	52,779,231	–
		₱ 214,495,769	₱–	₱ 214,495,769	₱–

**Payables excludes government statutory payables amounting to ₱672,046, ₱372,550 and ₱468,070 for 2021, 2020 and 2019, 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 26 - EFFECT OF COVID-19

In March 2020, COVID-19 started to became widespread and has severely impacted many local economies around the globe. In many countries like the Philippines, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, includes travel bans, quarantines, social distancing, and closures of non-essential services, these have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The Government have responded with monetary and fiscal interventions to stabilize economic conditions.

The scale and duration of this COVID-19 pandemic remain uncertain as of the date of the issuance of the financial statements. Now that omicron variant is surging to its peak it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company's operations. Accordingly, the financial position and results of operations as of and for the years ended December 31, 2021 have not been adjusted to reflect their impact, if any.

The Company continues to monitor the risks and the on-going COVID-19 impact to its business.

NOTE 27 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

2021

	Loans Payable (Note 13)	Interest Payable (Note 12,13)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2021	₱ 425,000,000	₱ 7,529,449	₱ 66,009,040	₱ 498,538,489
Cash flow from Financing Activities:				
Additional Borrowing	200,000,000	29,590,155	72,789,298	302,379,453
Repayment of Borrowing	-	(29,602,118)		(29,602,118)
Non-cash financing acvities				
Conversion to Equity	-		(84,000,000)	(84,000,000)
Balance, December 31, 2021	₱ 625,000,000	₱ 7,517,486	₱ 54,798,338	₱ 687,315,824

2020

	Loans Payable (Note 13)	Interest Payable (Note 12,13)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2020	₱ 150,000,000	₱ 275,000	₱ 52,779,231	₱ 203,054,231
Cash flow from Financing Activities:				
Additional Borrowing	275,000,000	10,734,945	13,229,809	298,964,754
Repayment of Borrowing	-	(3,480,496)	-	(3,480,496)
Balance, December 31, 2020	₱ 425,000,000	₱ 7,529,449	₱ 66,009,040	₱ 498,538,489

2019

	Loans Payable (Note 13)	Interest Payable (Note 12,13)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2019	₱ -	₱ -	₱ 4,126,817	₱ 4,126,817
Cash flow from Financing Activities:				
Additional Borrowing	170,000,000	4,817,986	48,652,414	223,470,400
Repayment of Borrowing	(20,000,000)	(4,542,986)	-	(24,542,986)
Balance, December 31, 2019	₱ 150,000,000	₱ 275,000	₱ 52,779,231	₱ 203,054,231

NOTE 28 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

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

(a) Output VAT and Input VAT

The Company does not have Output VAT and Input VAT for 2021.

(b) Taxes and Licenses for 2021

Taxes and licenses for 2021 consist of:

	Amount
Licenses and business permits	₱ 869,675
Real property tax	95,042
Annual Registration	500
	₱ 965,217

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

(c) Withholding Taxes for 2021

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

	Amount
Compensation and employee benefits	₱ -
Expanded	691,871
	₱ 691,871

(d) Tax Assessments and Cases

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

(e) Related Party Transaction

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

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2021, 2020 and 2019

Current Ratio

	2021	2020	2019
Total current assets	₱ **105,032,815**	₱ 131,294,169	₱ 76,939,889
Total current liabilities	**173,656,065**	91,256,926	64,963,839
Current ratio	**0.605:1**	1.439:1	1.184:1

Quick Ratio

	2021	2020	2019
Total liquid asset	₱ **102,352,385**	₱ 129,629,603	₱ 61,126,084
Total current liabilities	**173,656,065**	91,256,926	64,963,839
Quick ratio	**0.589:1**	1.42:1	0.941:1

Working Capital to Total Asset

	2021	2020	2019
Working capital	₱ **(68,623,250)**	₱ 40,037,243	₱ 11,976,050
Total liabilities	**779,906,065**	516,256,926	214,963,839
Working capital ratio	**-0.088:1**	0.078:1	0.056:1

Solvency Ratio

	2021	2020	2019
Net income (loss) after tax + Depreciation	₱ **(18,559,969)**	₱ (785,111)	₱ (2,765,361)
Total liabilities	**779,906,065**	516,256,926	214,963,839
Solvency ratio	**-0.024:1**	-0.002:1	(0.013):1

Debt-to-equity Ratio

	2020	2020	2019
Total liabilities	₱ **779,906,065**	₱ 516,256,926	₱ 214,963,839
Total equity	**218,239,838**	114,548,224	115,374,709
Debt-to-equity ratio	**3.574:1**	4.507:1	1.863:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2021, 2020 and 2019

Asset-to-equity Ratio

	2021	2020	2019
Total assets	₱ 998,145,903	₱ 630,805,150	₱ 330,338,548
Total equity	218,239,838	114,548,224	115,374,709
Asset to equity ratio	4.574:1	5.507:1	2.863:1

Interest Rate Coverage Ratio

	2021	2020	2019
Pre-tax profit (loss) before interest	₱ (29,065,328)	₱ (1,177,838)	₱ (3,986,778)
Interest	31,090,155	13,025,589	7,024,384
Interest rate ratio	-0.935:1	-0.09:1	(0.567):1

Profitability Ratios

	2021	2020	2019
Net profit (loss) after tax	₱ (22,308,386)	₱ (826,485)	₱ (2,791,813)
Total equity	218,239,838	114,548,224	115,374,709
	-0.102:1	-0.007:1	(0.024):1

a.) Return on asset ratio

	2021	2020	2019
Net income (loss) after tax	₱ (22,308,386)	₱ (826,485)	₱ (2,791,813)
Average assets	814,475,527	480,571,849	330,338,548
	-0.027:1	-0.002:1	(0.013):1

b.) Return on equity ratio

	2021	2020	2019
Net profit (loss) after tax	₱ (22,308,386)	₱ (826,485)	₱ (2,791,813)
Average equity	166,394,031	114,961,467	115,374,709
	-0.134:1	-0.007:1	(0.030):1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-PALAWAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2021, 2020 and 2019

c.) Gross Profit Margin Ratio

		2021		2020		2019
Net profit (loss) before tax	₱	(29,065,328)	₱	(1,177,838)	₱	(3,986,778)
Gross profit		(11,113,015)		-		-
		2.615		N/A		N/A

d.) Net Profit Margin

		2021		2020		2019
Net profit (loss) after tax	₱	(22,308,386)	₱	(826,485)	₱	(2,791,813)
Revenue		3,937,282		-		-
		(5.666)		N/A		N/A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2021

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***		**(₱5,451,776)**
Add: Net income (loss) actually earned/realized during the period		**(22,308,386)**
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		**(22,308,386)**
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 -**

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Development Bank of the Philippines	P 53,770,921	P 53,770,921	P 43,447
Metropolitan Bank and Trust Company	42,513,415	42,513,415	11,952
Bank of the Philippine Islands	5,962,121	5,962,121	11,211
Land Bank of the Philippines	47,928	47,928	-
	P 102,294,385	**P 102,294,385**	**P 66,610**

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

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Terrence Tarosa	P 25,000	P -	P -	P -	P -	P -	P 25,000
Joel Mohamad	28,000	-	-	-	-	-	28,000
	P 53,000	P -	P -	P -	P -	P -	P 53,000

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

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

Schedule D. Intangible Assets-Other Assets

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

Schedule E. Long Term Debt

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

Schedule F. Indebtedness to Related Parties (Current)

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

Schedule G. Guarantees of Securities of Other Issuers

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

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet Caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Founders'	600	600	-	-	230	
Common	239,400	206,200	-	-	77,970	
Preferred	-	-	-	-	-	
Total	240,000	206,800	-	-	78,200	-