

SEC Number : CS201506626  
File Number : \_\_\_\_\_

**ALLIED CARE EXPERTS (ACE) DUMAGUETE  
DOCTORS INC.**

\_\_\_\_\_  
(Company's Full Name)

**F. CIMA FRANCA ST., DARO, DUMAGUETE CITY**

\_\_\_\_\_  
(Company's Address)

**008-997-532-000**

\_\_\_\_\_  
(TIN Number)

**(035) 421-2119**

\_\_\_\_\_  
(Telephone Number)

**-**

\_\_\_\_\_  
(Fax Number)

**SEC FORM 20-IS**  
**DEFINITIVE INFORMATION STATEMENT**

\_\_\_\_\_  
Form Type

Each Active Secondary License Type and File Name: NONE

**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  
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**

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

4. SEC Identification Number: **CS201506626**

5. BIR Tax Identification Code: **008-997-532-000**

6. Address of Principal Office: Postal Code:

**F. Cimafranca St., Daro, Dumaguete City 6200**

7. Registrant's telephone number, including area code: (035) 421 2119

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

Date : **August 11, 2022**  
Time : **8:00 a. m.**  
Place : **F. Cimafranca St., Daro, Dumaguete City  
Via Zoom Webinar**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
**July 19, 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
Common Shares	As of May 31, 2022 – 165,420 shares; P165,420,000

12. Are any or all registrant's securities listed in a Stock Exchange?

Yes  No

**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 : **August 11, 2022**  
Time : **8:00 a. m.**  
Place : **F. Cimafranca St., Daro, Dumaguete City**  
**Via Zoom Webinar**

Complete Mailing Address of Principal Office of Registrant:

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**F. Cimafranca St., Daro, Dumaguete City**

The approximate date on which the information statement is first to be sent and given to security holders shall be **July 19, 2022**.

**Dissenter's Right of Appraisal**

There are no matters or proposed corporate actions included in the Agenda of the meeting which may give rise to a possible exercise by security holders of their appraisal right. Generally, however, 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.

**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 **May 31, 2022**:

	Shares Outstanding	No. of Vote Each Share Is Entitled
<b>Common Shares:</b>		
<b>Filipino</b>	<b>165,420</b>	<b>One (1) vote per share</b>
<b>Foreign</b>	<b>-</b>	<b>One (1) vote per share</b>
<b>Total</b>	<b>165,420</b>	

(b) Record Date:

All stockholders of record as of July 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, except in connection with the election of directors where only the founders are entitled to vote. The founders are 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 founder 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 via the online tool in the Zoom Webinar. 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 May 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 May 31, 2022, are as follows:

<b>Title of Class</b>	<b>Name, Address of record owner and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent</b>
Common Founder	Enriquez, Michael Edward R., 73 West Avenue, Quezon City	Enriquez, Amado Manuel Jr. C./Father	Filipino	19,920 (common shares) 80 (founder shares)	12.09%
Common Founder	Enriquez, Marilyn R., 73 West Avenue, Quezon City	Enriquez, Amado Manuel Jr. C./Wife			
Common Founder	Enriquez, Miguel R., 73 West Avenue, Quezon City	Enriquez, Amado Manuel Jr. C./Father			

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

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
<b>BOARD OF DIRECTORS</b>					
Enriquez, Amado Manuel Jr. C.	12,500,000	7,500,000	Filipino	19,920 (common shares) 80 (founder shares)	12.09%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.02%
Tan, Robert H.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.02%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	4.53%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Apla-on, Daryl M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
De Leon, Roberto M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Domingo, Carmelo Jr.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Singco, Agelo Michael A.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Olegario, Lynn L.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Vera Cruz, Maria Carmelita	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Buenaventura, Marilou	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Arroyo, Nestor Jogie	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
De Castro, Felicisimo D.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Alcala, Angelo L.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
<b>EXECUTIVE OFFICERS</b>					
Enriquez, Amado Manuel Jr. C.	12,500,000	7,500,000	Filipino	19,920 (common shares) 80 (founder shares)	12.09%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.02%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	4.53%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Apla-on, Daryl M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.51%
Tan, Robert H.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.10%

(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:

1. Jonathan Amante – 65, Filipino
2. Roy Diamond Arco – 45, Filipino
3. Robert Tan - 62, Filipino
4. Jennifer Emperado – 55, Filipino
5. Glenda Nuico - 63, Filipino
6. Brenda Diputado – 66, Filipino
7. Carlos De La Rosa - 70, Filipino
8. Amado Manuel Enriquez Jr. – 69, Filipino
9. Geanie Cerna- Lopez - 68, Filipino
10. Roberto De Leon - 68, Filipino
11. Marietta Samoy - 64, Filipino
12. Generoso Orillaza - 64, Filipino
13. Rolando Regalado  
Independent Director - 68, Filipino

14. Ronald Ramiro  
Independent Director - 65, Filipino
15. Bernie Orhel  
Independent Director - 59, Filipino

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

1. Jonathan Amante
2. Roy Diamond Arco
3. Robert Tan
4. Idelle Marie Yurong
5. Raponzel Fontelo
6. Brenda Diputado
7. Daphne Rana
8. Amado Manuel Enriquez Jr.
9. Geanie Cerna- Lopez
10. Eulenia Nolasco
11. Marietta Samoy
12. Esmeralda De La Rosa
13. Revey Nuico – Independent Director
14. Ronald Ramiro – Independent Director
15. Marissa Orillaza – Independent Director

Please refer to attached Annex “A” for the summary of qualifications of the current Directors and Nominees.

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 nominated independent directors are as follows Revey Nuico, Ronald Ramiro, and Marissa Orillaza, were nominated by Marietta Samoy, Geanie Cerna-Lopez and Robert Tan, respectively. The nominees are not related to their respective nominating stockholder and were pre-screened by the Nominations Committee, composed of Marietta Samoy (Chairman), Rolando Regalado (Independent Director), Aejeleth B. Eyas, Generoso Orillaza, Roberto De Leon, and Miguel Antonio Enriquez.

The Company’s key executive officers as of May 31, 2022 are as follows:

Jonathan C. Amante	- President
Geanie Cerna-Lopez	- Vice President
Roy Diamond M. Arco	- Corporate Treasurer
Jeniffer Emperado	- Assistant Treasurer
Marietta Samoy	- Corporate Secretary
Aejeleth B. Eyas	- Assistant Corporate Secretary

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” for the summary of qualifications of the 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.

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.

There are no transactions in the last two (2) years or proposed transactions to which the registrant was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- i. Any director or executive officer of the Corporation;
- ii. Any nominee for election as a director;
- iii. Any security holders;
- iv. Any member of the immediate family of the preceding persons.

The Company's related parties include its affiliates and shareholders, the Company's key management personnel and others as described below.

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

#### **Certain Relationships and Related Transactions**

The Company, in the normal course of business, transacts business with individuals which are considered related parties. The following were carried out with related parties as at December 31, 2021 and 2020:

Category	Advances from shareholders 2020	Amount of Transactions 2021	Advances from shareholders 2021	Terms	Conditions
Advances from shareholders					
Non-interest- Bearing	24,555,954	<b>(23,656,500)</b>	<b>899,454</b>	Non-interest- bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	22,200,000	<b>(4,000,000)</b>	<b>18,200,000</b>	Interest- bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	46,755,954	<b>(27,656,500)</b>	<b>19,099,454</b>		

(a) Non-interest-bearing Advances from shareholders

In the special meeting of the Board held last May 7, 2017, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development of its medical structures and appurtenances. In view of this, the shareholders advanced the monies in support of the Company's building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. The Company, however, also reserves the right to defer settlement and prioritize completion of the hospital building.

(b) Interest-bearing Advances from shareholders

On June 3, 2019, the Company acquired an unsecured interest-bearing advance from the shareholders at 12% per annum which was primarily used by the Company to support the working capital requirement during the start of its operation. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction. Total finance costs on these loans amounted to ₱2,682,430 and ₱1,237,605 in 2021 and 2020, respectively.

**Family Relationships**

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.

**Involvement in Certain Legal Proceedings**

As of May 31, 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 Enriquez, Jr.
2. Geanie Cerna-Lopez
3. De Leon, Roberto

**Civil Case No. R-CEB-18-01248-CV, RTC Branch XI, Cebu City**

**Nature:** 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

**Status:** 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 ACE Medical Center Cebu and its Directors (as stated above to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's a 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. However, the complaint for Manila based Doctors are yet to be served.

The Defendants filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. On July 14, 2021, a mediation conference was conducted, however, there was no amicable settlement reached. The case was set for another mediation conference on July 29, 2021.

The judicial dispute resolution (JDR) failed. The Case is up for pre-trial conference.

**Civil Case No. R-CEB-18-00601-CV, Branch XI, Cebu City**

**Nature:** 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

**Status:** 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. A Mediation Conference was conducted last June 16, 2021, however, no amicable settlement reached. Thus, the pre-trial set on August 13, 2021 shall proceed.

The pre-trial was terminated. The Case is set for presentation of petitioners' evidence.

**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)**

**Nature:** The Petitioners have filed a Special Civil Action case for Mandamus, to compel the Respondents to immediately issue their 100% pre-emptive rights. The Petitioners claim they are entitled to 10 shares based on their computation of 0.000083333 ownership multiplied by 120,000 (increase in Capital).

**Status:** Respondents received the Court Order on 11 December 2018 and filed their Comment to the Petition last January 7, 2019; the Plaintiffs also filed their reply. On November 25, 2020 at 8:30AM, a Judicial Dispute Resolution was conducted by RTC Branch 12, Cebu City via video conference hearing. Both parties did not come into an agreement. The Petitioners demanded PHP 600,000.00 from the Respondents. The case was scheduled for Pre-Trial on June 11, 2021, however, counsel for the petitioners did not appear. Pre-trial date has yet to be set again by the court.

The pre-trial was terminated. The Case is set for presentation of petitioners' evidence.

(b) Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary	Bonus	Other Compensation
A. Amado Manuel C. Enriquez Jr. Chairman	2021	900,000	- 0 -	- 0 -
B. Jonathan C. Amante President	2021	900,000	- 0 -	- 0 -
C. Daryl M. Apla-on Corporate Treasurer	2021	600,000	- 0 -	- 0 -
D. Aejeleth B. Eyas Corporate Secretary	2021	600,000	- 0 -	- 0 -
E. Aggregate For The Above Named CEO & Officers	<b>2022-estimate</b>	3,000,000	- 0 -	- 0 -
	<b>2021</b>	3,000,000	- 0 -	- 0 -
	<b>2020</b>	4,800,000	- 0 -	- 0 -
F. Aggregate For The Officers And Directors As A Group	<b>2022-estimate</b>	4,800,000	- 0 -	- 0 -
	<b>2021</b>	4,800,000	- 0 -	- 0 -
	<b>2020</b>	4,800,000	- 0 -	- 0 -

- a. The directors receive per diem of P10,000.00/board meeting and P5,000.00/committee meeting during board/committee meetings for each director. On November 30, 2020, the Board approved the compensation for officers, as follows:

Position	Compensation
Chairman	75,000
President	75,000
Vice Chairman	75,000
Vice President	75,000
Corporate Treasurer	50,000
Assistant Treasurer	50,000
Corporate Secretary	50,000
Assistant Corporate Secretary	50,000

- b. There are no bonuses, 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.
- 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 Dimaculangan, Dimaculangan and Co. CPAs. For the year 2022, the same auditing firm of Dimaculangan, Dimaculangan and Co. CPA's is being recommended by the Board, based on the recommendation of the Audit Committee composed of Rolando Regalado (chairman/Independent Director), Ronald Ramiro (Independent Director), Roy Diamond M. Arco, Glenda Nuico, and Carlos De La Rosa, subject to stockholders' approval, for a fee of P235,200.00 (exclusive of VAT and out-of-pocket expenses).

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. 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.

Dimaculangan, Dimaculangan and Co. CPAs represented by its engagement partner, Maria Teresita Z. Dimaculangan, 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 Maria Teresita Z. Dimaculangan for more than five years.

Representatives of Dimaculangan, Dimaculangan and Co. CPAs are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.

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. Dimaculangan, Dimaculangan and Co. CPAs represented by its engagement partner, Maria Teresita Z. Dimaculangan, will be the recommended independent external auditor for 2022.

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- ₱235,200 (billed and paid in 2022)

For the year 2020- ₱247,520 (billed and paid in 2021)

The above audit fees include 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 (P210,000.00); and (b) All Other 25,200.00).

Except for the audit of the Company's financial statements, no other professional services are rendered to the Company by the external auditor.

## **C. OTHER MATTERS**

### **Action with Respect to Reports**

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

- i. Minutes of the August 12, 2021 Annual Stockholders' Meeting. The Minutes cover the following items:
  - A. Reading and Approval of the Minutes of the Y2021 Annual Stockholders' Meeting
  - B. Audited Financial Report 2021
  - C. President's Report
  - D. Election of the Board of Directors 2022-2023

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

### **Amendment of Charter, By-Laws and other Documents**

There is no action to be taken with respect to the Company's charter, bylaws or other documents.

### **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, except in connection with the election of directors where only the founders are entitled to vote. The founders shall be 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. The founder 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 via the online poll thru the Zoom Webinar. 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 of the Revised Corporation Code**

Voting was done through the online poll that was launched during the annual stockholders meeting. The tabulation of the votes was done by the Board of Canvassers based on the votes received thru the online poll.

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. Welcome Message from the Chairman of the Board
- II. Reading and Approval of the Minutes of the Y2020 Annual Stockholders' Meeting  
The draft minutes was presented to and was approved unanimously by the stockholders present.
- III. Approval of the Y2020 Audited Financial Statement  
The Y2020 audited financial statements was presented to and was approved by the stockholders present.
- IV. President's Report  
The president rendered his report to the stockholders on the Company's performance for Y2020.
- V. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation  
The stockholders ratified the acts and proceedings of the board of directors, officers, and management of the Company, as presented in the list of corporate acts.
- VI. Amendment of Section 8, Article II of By-laws of the Corporation  
The proposed amendment of Section 8, Article II of By-laws of the Corporation, removing the 20-day period for the purpose of fixing the record date, was approved by the stockholders present.
- VII. Election of the Board of Directors 2021-2022  
The following were elected directors for Y2021-2022. There were only 15 nominees for the 15 board seats to be elected; the votes were tabulated as follows:

Name of Nominee	Number of Votes
1. Enriquez, Amado Manuel Jr C.	137,701
2. Amante, Jonathan C.	177,281
3. Tan, Robert H.	157,461
4. Cerna-Lopez, Geanie	133,711
5. Arco, Roy Diamond	151,981
6. Emperado, Jennifer	134,461
7. De Leon, Roberto M.	132,701
8. De La Rosa, Carlos	132,701
9. Nuico, Glenda	153,481
10. Diputado, Brenda	136,981
11. Samoy, Marietta	137,451
12. Orillaza, Generoso	132,451
13. Regalado, Rolando – Independent Director	149,351
14. Ramiro, Ronald – Independent Director	174,436
15. Orhel, Bernie – Independent Director	133,451

- VIII. Appointment of External Auditor for the year 2021  
The stockholders approved the appointment of Dimaculangan Dimaculangan Co. and CPAs, as the Company's external auditor for Y2021.

Except for the election of officers, all the matters taken up were unanimously approved by the stockholders present during the meeting.

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 2020:

### 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 company and the shareholders and all other stakeholders	5
5. The Board oversees the development of and approves the company's business and strategy and monitor its implementation, in order to sustain the company's long-term viability and strength	5
6. The Board ensures an effective succession planning program for 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 policy which provides for the procedures on how the Board accepts nominations.	5
9. The Board ensures the integrity of related party transactions and other unusual transactions, particularly those which pass certain threshold materiality. The Board reviews and approves material RPTs to guarantee 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 of interests 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 the members 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 of backgrounds 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 generally accepted best practices and regulatory expectations.	5

On June 3, 2019, the Company acquired an unsecured interest-bearing advances from the shareholders and/or Board of Directors at 12% per annum which was primarily used by the Company to support the working capital requirement during the start of its operation. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

Except for per diem (P10,000.00/board meeting and P5,000.00 per committee meeting) for each director, there are no bonuses, profit sharing, or other compensation plans, contract, or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate. For the year 2021, the directors received the following per diem for board/committee meetings and compensation as officers of the Company:

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary	Bonus	Other Compensation
G. Amado Manuel C. Enriquez Jr. Chairman	2021	900,000	- 0 -	- 0 -
H. Jonathan C. Amante President	2021	900,000	- 0 -	- 0 -
I. Daryl M. Apla-on Corporate Treasurer	2021	600,000	- 0 -	- 0 -
J. Aejeleth B. Eyas Corporate Secretary	2021	600,000	- 0 -	- 0 -
K. Aggregate For The Above Named CEO & Officers	<b>2022-estimate</b>	3,000,000	- 0 -	- 0 -
	<b>2021</b>	3,000,000	- 0 -	- 0 -
	<b>2020</b>	4,800,000	- 0 -	- 0 -
L. Aggregate For The Officers And Directors As A Group	<b>2022-estimate</b>	4,800,000	- 0 -	- 0 -
	<b>2021</b>	4,800,000	- 0 -	- 0 -
	<b>2020</b>	4,800,000	- 0 -	- 0 -

The Company has put in place, sufficient internal controls and risk management system to ensure the efficient management of the various risks concomitant to our hospital operations.

The Company's external auditor is the auditing firm of Dimaculangan Dimaculangan and Co., CPAs..

The aggregate annual external audit fees billed for year 2021 was ₱235,200. The said fees include: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of financial statements (₱210,000.00); and (b) All Other Fees, including estimated out of pocket expenses accrued by the Company as of May 31, 2022 (Php₱25,200.00).

The Company has not yet declared dividends since its incorporation in 2015, considering that it does not have earnings yet. As stated in the Company's By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by the stockholders as often and at such times as may be decided by the Board of Directors.

The directors have no self-dealing or related party transactions as of May 31, 2022.

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 Dumaguete on **June 28, 2022**.

**ALLIED CARE EXPERTS(ACE) DUMAGUETE DOCTORS INC.**

By:



**AEJELETH B. EYAS**  
*Assistant 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) Dumaguete Doctors Inc.  
F. Cimafranca St. Daro, Dumaguete City 6200  
Attention: The Corporate Secretary*

**ANNEX “A”**

**INCUMBENT BOARD OF DIRECTORS/NOMINEES**

Name	Business and Professional Work Experience
Enriquez, Amado Manuel Jr. C.	<p>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)</p> <p>Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Malolos, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Iloilo, ACE Medical Center Tacloban, ACE Dumaguete Doctors, Inc., ACE Dumaguete Doctors, Inc., 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</p> <p>Active consultant in Cardiovascular-Thoracic Surgery – St. Luke’s Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.</p>
Amante, Jonathan C.	<p>Chairman - University Of The Philippines – PGH Review for Philippine College of Physicians Examination (1987)</p> <p>Diplomate And Fellow - Philippine College Of Physician , Philippine Society of Nephrology</p> <p>Holy Child Hospital - Head, Dialysis Unit (1988); Chairman, Dept. Of Medicine Silliman Medical Centre - Head, Dialysis Unit (1988); NOPH - Head, Provincial Dialysis Unit</p> <p>Association Of Philippine Medical Colleges Member, Board Of Trustees ; Ace Medical Centre- Bayawan, Inc. - Member, Board Of Directors And Management Consultant (Feb 2016 – up to present)</p> <p>Consultant, ACE Dumaguete Doctors and Silliman Medical Center Department of Internal Medicine</p>
Tan, Robert H.	<p>Consultant, General Surgeon, Holy Child Hospital (1993-present);</p> <p>Consultant, General Surgeon, ACE Dumaguete Doctors</p> <p>Visiting Consultant, General Surgery Silliman University Medical Centre (1993 - present)</p>
Cerna-Lopez, Geanie	<p>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</p>

Name	Business and Professional Work Experience
	Center(2016); Past president Paranaque Doctors Hospital (2015)
Samoy, Marietta T.	<p>Medical Center Muntinlupa Medical Services Head, Las Pinas City Medical Center- Administrator, Uni-Health Paranaque Hospital and Medical center- management consultant. Paranaque Doctors Hospital, Head Ob-Gyne Dept.</p> <p>Past President Las Pinas Med Center (2014), Past president UniHealth Paranaque (2016) , Treasurer- medical center Muntinlupa (2015) , Past Corp Sec Paranaque Doctors Hospital (2013), Medical Director - Paranaque Doctors Hospital (2010-2012).</p>
Arco, Roy Diamond M.	<p>Consultant, ACE Dumaguete Doctors and Silliman Medical Center  Department Chairperson – ACEDDI Hemodialysis Unit  Director of Hospital Information Management System  Corporate Treasurer - ACEDDI  PGI – SUMCFI  Residency Training – Perpetual Succor Hospital Cebu City, Internal Medicine  Fellowship Training – National Kidney &amp; Transplant Institute, Adult Nephrology  Diplomate – Philippine College of Physicians (2009)  Diplomate – Philippine Society of Nephrology (2012)  Member of Professional Organization: Negros Oriental Medical Society, PCP Negros Oriental &amp; Philippine Society of Nephrology</p>
De Leon, Roberto M.	<p>Chairman, Unihealth-Baypointe Hospital &amp; Medical Center, Inc. (Subic Bay Freeport Zone) 2017  President, Unihealth-Valenzuela Hospital &amp; Medical Center (2017)  Medical Director, YGEIA Medical Center  Chairman, Dept. of Surgery, ACE Medical Center Valenzuela; Uni-Health Paranaque Hospital and Medical Center (2017)</p>
De la Rosa, Carlos	Retired Banker
Nuico, Glenda	<p>Consultant of ACE Dumaguete Doctors Inc and Silliman University Medical Center  Silliman University – BS General Science  Cebu Doctors College of Medicine / Silliman University - Doctor of Medicine  Cebu Doctors Hospital – Residency Training – Pediatrics  Philippine Pediatric Society – Diplomate  Philippine Pediatric Society – Fellowship  Member of Societies: Philippine Pediatric Society , Negros Oriental Medical Society – Philippine Medical Association</p>
Emperado, Jeniffer	Consultant of Holy Child Hospital and ACE Dumaguete Doctors Inc.

Name	Business and Professional Work Experience
	<p>Chairperson of the Department of Family Medicine –ACEDDI Faculty – Silliman University (2006-present)  Family Medicine Consultant (2011-present)  University Physician – Foundation University (2001-2012)  Faculty – Mindanao State University College of Medicine Iligan City (1994-1996)  Fellow – Philippine Academy of Family Physicians (2006)  Diplomate - Philippine Academy of Family Physicians (2003)  Certified Family Physician - Philippine Academy of Family Physicians (2001)  Doctor of Medicine (1987) Mindanao State University, Marawi City  Professional Membership: Philippine Academy of Family Physician, Negros Oriental Chapter, Negros Oriental Medical Society, Family Medicine Educators  Founding Doctor of ACEDDI</p>
Regalado, Rolando	<p>Consultant of ACE Dumaguete Doctors Inc, and Silliman University Medical Center.  Doctor of Medicine – UERMMMC College of Medicine  PGI – Silliman University Medical Center  Residency Training – UERM Memorial Hospital  Fellowship – Philippine College of Surgery  Diplomate – Philippine Board of Ophtalmology  MAHAD – Cebu Doctors Hospital  Founding Doctor of ACEDDI  Member of Societies: Philippine Medical Association, Philippine College of Surgery, Philippine Society of Ophtalmology, Rotary Club Dgte Ctiy, Negros Oriental Medical Society.</p>
Orillaza, Generoso	<p>Director – Paranaque Doctors Hospital (2007 – present); ACE Baypointe Hospital &amp; Medical Center (2010- present); ACE Baliwag (2012-2014)  Head, Engineering and Maintenance Service- ACE Valenzuela (2011-2014); ACE Baypointe Hospital &amp; Medical Center (2010-present); ACE Baliwag (2012-2014); Unihealth Paranaque Hospital and Medical Center 2014-2014); ACE Pateros (2013-2015); ACE QC (2013-present);  Chairman of Construction Committee (2008 – present) – ACE Iloilo; ACE Gensan; ACE Cebu; ACE Tacloban; ACE Butuan</p>
Orhel, Bernie	<p>Anesthesiologist  Medical school perpetual help college of medicine -1988  Delta college of medicine perpetual help - dept of anesthesia - 1997  Founder- Unihealth Parañaque</p>
Ramiro, Ronald	<p>Graduated from CIM in 1981 and finished residency in General surgery as Chief Resident at Cebu Doctors Hospital in 1989  Passed only part 1 of the Philippine Board of Surgery in 1993</p>
Diputado, Brenda	<p>Consultant of ACE Dumaguete Doctors Inc.  COLLEGE of Medicine - West Visayas State College</p>

Name	Business and Professional Work Experience
	PGI - UP-PGH 1981 RESIDENCY - UP-PGH – Pediatrics 1983-1985 ; Neurology 1989-1992 SCHOOL OR COLLEGE DISTINCTION: Sibulan Elementary School- first honorable mention

## MANAGEMENT REPORT

### A. Independent Auditor

During the two most recent fiscal years or any subsequent interim period, the Company’s independent accountant, Dimaculangan, Dimaculangan and Co. CPAs has not resigned, nor was dismissed or otherwise ceased performing services for the Company; there were no disagreements with the said independent accountant on any matter of accounting and financial disclosure.

### B. Description of Business

Allied Care Experts (ACE) Dumaguete Doctors Inc. (the “Company”) was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under SEC Registration No. CS201506626 on April 1, 2015.

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

The principal office of the Company is located at DML Building, North Road, Dumaguete City. The hospital construction site is located at Cimafranca St., Daro, Dumaguete City, Negros Oriental.

On February 19, 2019, the Company’s registration was approved under BOI Certificate of Registration No. 2019-034. Thus, the Company is now eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday—for a period of 4 years starting from November 2018 or actual start of commercial operations, whichever is earlier(the availment of which shall not be earlier than the date of registration).

The Company was likewise able to secure its license to operate from the Department of Health as a Level II Hospital on June 25, 2019.

#### Competition

The Company’s principal competitors are the following:

HOSPITAL	LOCATION	BED CAPACITY	CATEGORY	LEVEL CLASSIFICATION
Holy Child Hospital	Bishop Epifanio Surban Street, Dumaguete City	200	Private	Level I
Silliman Medical Center Foundation Inc.	Hibbard Ave, Dumaguete City	300	Private	Level III
Negros Oriental Provincial Hospital	National Highway, Dumaguete City	200	Public	Level I
Negros Polymedic Hospital	Tubtubon, National Highway, Sibulan	100	Private	Level II

The patients will opt to be serviced by ACE Dumaguete Doctors considering its accessibility especially in emergency cases. The Company's good location, quality of the facilities and its competent medical staff will be the hospital's edge over its competitors.

#### Suppliers

The Company has no existing supply contracts with the principal suppliers. The Company has a broad base of suppliers. The Company is not dependent on one or a limited number of suppliers.

#### Customers

The Company is not dependent upon a single customer or a few customers due to the nature of the industry.

#### Government Regulations

Required permits were secured by the Company from the Department of Health (DOH), Food and Drug Administration (FDA) and Philippine Drug Enforcement Agency (PDEA) as part of the normal course of the hospital operations.

The Company has secured the required permits and clearances from the Department of Environment and Natural Resources (DENR) to be able to operate its hospital facility. Implementation of the environmental laws cost ACE-Dumaguete Doctors around P100,000 annually.

The Company is not involved in any legal proceedings.

#### Employees

Total number of full-time employees as of May 31, 2022, is 319. The breakdown is as follows:

	CBA	Non-CBA	Total
Rank and File	238	41	279
Supervisors	–	29	29
Managers and Top Management	–	11	11
Total	238	81	319

Apart from their regular compensation, the employees are entitled to a 10% discount on hospitalization and hospital services.

The Company does not expect to hire additional employees in the next 12 months considering the impact of the COVID pandemic on the business operation of the hospital.

### C. Securities of the Registrant

#### Market Price, Dividend and Related Stockholder Matters

The securities of Allied Care Experts (ACE) Dumaguete Doctors Inc. are not listed in any stock exchange. Its securities 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:

Market Price	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter
	2020	2021	2020	2021	2020	2021	2020	2021	2022
High	200,000	250,000	200,000	250,000	200,000	250,000	200,000	250,000	250,000
Low	200,000	250,000	200,000	250,000	200,000	250,000	200,000	250,000	250,000

The price as of May 31, 2022 (latest practicable trading date) is P250,000. On the average, sale transactions occur at least once every month.

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

There are approximately 1,493 holders of common and founders shares of the Company as of May 31, 2022. Trading of Company's shares is sporadic.

Please refer to Annex "C" for the list of top 20 stockholders as of May 31, 2022.

No dividends were declared in 2021, 2020 and 2019.

There are no restrictions that limit the payment of dividends on Common Shares.

### D. Management's Discussion and Analysis or Plan of Operation

For the three months ended March 31, 2022, the Company's operation resulted to net income of P9.1 million.

#### UNAUDITED INTERIM STATEMENTS OF FINANCIAL PERFORMANCE

##### For the three months ended March 31

	2022	2021	Peso change	% Change 2022 v 2021
Revenue, net	100,503,719	81,920,470	18,583,249	23%
Cost of sales	60,427,605	57,291,101	3,136,504	5%
Gross profit	40,076,114	24,629,369	15,446,745	63%
General and administrative expenses	23,510,097	29,199,884	(5,689,788)	-19%
Net operating income (loss)	16,566,017	(4,570,515)	21,136,533	462%
Finance cost	7,421,128	7,465,310	(44,182)	-1%
Net income (loss) before other charges	9,144,889	(12,035,825)	21,180,715	176%
Other charges	600	-	600	0%
Net income (loss)	9,145,489	(12,035,825)	21,181,315	176%

Revenue in 2022 has significantly increased by 23% or P18.6 million due to increase in occupancy rate and out-patient census. Relatively, cost of sales increase to P60.4 million in 2022 from P57.3 million in 2021 or a 5% increase. Cost of sales includes depreciation; cost of medicines, medical supplies and laboratory reagents; professional fee, salaries and wages and utilities expense.

The Company's operating expenses pertain mainly to salaries and wages of administrative employees, allocated depreciation expense, utilities expense, janitorial, security and housekeeping expenses, taxes and licenses which represent 74% of the Company's total operating expenses. The total operating expenses decreased by 19% of ₱5.7 million in 2022 as compared to 2021.

For the three-months ended March 31, 2022, the Company has generated net income of ₱9.1 million.

#### Key Performance Indicators

	<b>Mar. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
<b>a. CURRENT RATIO</b> = Current assets / Current liabilities	1.12	1.02n	0.45
<p>Remarks: The current ratio measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. Current ratio in 2020 decreased as net result of the increase in loans payable and inventory. Current ratio in 2019 decreased compared to prior years due to the increase in payables as a result of the purchases of medical equipment and supplies used in the hospital operations.</p>			
<b>b. DEBT TO EQUITY RATIO</b> = Debt / Equity	1.39	1.49	2.36
<p>Remarks: Debt to equity ratio shows the proportions of equity and debt a company is using to finance its assets and it signals the extent to which shareholder's equity can fulfill obligations to creditors. Debt to equity in 2020 decreased as a net effect of the increase in loans payable and additional net loss during the year. The Company has availed of short term loans in 2020. Debt to equity in 2019 decreased as a result of the payment of the advances from shareholders, payment of current year loan amortization and sale of shares.</p>			
<b>c. DEBT TO TOTAL ASSET RATIO</b> = Debt / Asset	0.58	0.60	0.71
<p>Remarks: Debt to total asset ratio is an indicator of a company's financial leverage. It is the percentage of a company's total assets that were financed by creditors. Debt to total asset ratio in 2020 decreased as result of additional loans availed during the year to finance the Company's operations and decrease in advances from shareholders. The debt to total asset ratio decreased in 2019 which means decrease in financial leverage and decrease in risk.</p>			
<b>d. ASSET TO EQUITY RATIO</b> = Assets / Equity	2.39	2.49	3.36
<p>Remarks: Asset to equity ratio shows the relationship of the total assets of the Company to the portion owned by shareholders. This ratio is an indicator of the company's leverage (debt) used to finance the firm. Asset to equity ratio in 2020 decreased due to the significant increase in deficit, share capital and share premium over increase in asset. Asset to equity ratio decreased in 2019 as result of the payment of advances to shareholders and sales of shares.</p>			
<b>e. PROFIT MARGIN</b> = Net Income (Loss) / Net Revenue	0.09	0.04	(0.26)
<p>Remarks: Profit margin is a measure of the Company's income (loss) relative to its revenue. It represents what percentage of revenue has turned into income or loss. Profit margin in 2021 slightly increased due to the Company's continuous improvement in its financial performance.</p>			

## Financial Position

### UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

	<b>March 31, 2022</b>	December 31,		% Change
	<b>(Unaudited)</b>	2021 (Audited)	Peso change	2022 v 2021
Current assets	<b>200,599,938</b>	205,983,002	(5,383,064)	-3%
Noncurrent assets	<b>780,182,665</b>	791,633,978	(11,451,313)	-1%
Total assets	<b>980,782,603</b>	997,616,980	(16,834,377)	-2%
Current liabilities	<b>178,490,072</b>	202,870,439	(24,380,367)	-12%
Noncurrent liabilities	<b>391,999,954</b>	393,599,454	(1,599,500)	0%
Total liabilities	<b>570,490,026</b>	596,469,893	(25,979,867)	-4%
Total equity	<b>410,292,577</b>	401,147,087	9,145,490	2%
Total liabilities and equity	<b>980,782,603</b>	997,616,980	(16,834,377)	-2%
Current assets/Total assets	20%	21%		
Current ratio	112%	102%		
Debt to equity ratio	139%	149%		

The net decrease in current assets mainly pertains to the decrease in cash and inventories amounting to ₱22.3 million and ₱0.8 million, respectively.

The noncurrent assets of the Company mainly consist of property and equipment and advances for capital acquisition. The net decrease is mainly due to depreciation expense of the property and equipment of the Company charged for the three months ended March 31, 2022.

The liabilities of the Company mainly consist of payables to suppliers, statutory payables and advances from shareholders. The decrease was mainly due to payment of payables to suppliers and payment of principal of the long-term loan from Landbank of the Philippines.

## Full Fiscal Years

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

	As at December 31			% Change	% Change
	2021	2020	2019	2021 v 2020	2020 v 2019
Total Revenue, net	<b>₱508,934,355</b>	₱294,751,808	₱108,297,120	73%	172%
Total Cost of Sales	<b>394,139,597</b>	256,388,748	98,522,067	54%	160%
Gross Income	<b>114,794,758</b>	38,363,060	9,775,053	199%	292%
Total Gen & Ad Expense	<b>59,769,346</b>	50,918,483	35,240,351	17%	44%
Operating income (loss)	<b>55,025,412</b>	(12,555,423)	(25,465,298)	-538%	-51%
Other charges (income)	<b>(33,794,415)</b>	(30,508,253)	(6,455,487)	11%	373%
Net Income (Loss)	<b>₱21,230,997</b>	(₱43,063,676)	(₱31,920,785)	-149%	35%

The Company started its hospital out-patient department operations last March 2019. Out-patient operations include laboratory and radiology procedures, ECG, EEG, 2D Echo, Bone Densitometry and Doctor's clinic consultations. On July 2019, the Company started operating in-patient services. The Company has a 100-bed capacity.

Revenue in 2021 has significantly increased by 73% or ₱214.2 million due to increase in occupancy rate and increase in COVID-patients. Relatively, cost of sales increase to ₱394.1 million in 2021 from ₱256.4 million in 2019 or a 54% increase. Cost of sales includes depreciation; cost of medicines, medical supplies and laboratory reagents; professional fee, salaries and wages and utilities expense.

The Company's operating expenses pertain mainly to salaries and wages of administrative employees, allocated depreciation expense, janitorial, security and housekeeping expenses, taxes and licenses which represent 80% of the Company's total operating expenses. The total operating expenses increased by 17% of ₱8.8 million in 2021.

In 2021, the Company has generated net income of ₱21.2 million.

## Financial Position

	December 31, 2021	December 31, 2020	% Change
Current assets	<b>₱205,983,002</b>	₱90,919,751	127%
Noncurrent assets	<b>791,633,978</b>	842,065,817	-6%
Total assets	<b>997,616,980</b>	932,985,568	7%
Current liabilities	<b>263,590,438</b>	202,987,867	30%
Noncurrent liabilities	<b>424,879,454</b>	451,581,611	-6%
Total Liabilities	<b>596,469,892</b>	654,569,478	5%
Total Equity	<b>401,147,088</b>	278,416,090	11%
Total liabilities and equity	<b>997,616,980</b>	932,985,568	7%

## Balance Sheet Items - 2021 compared to 2020

Total current assets increased by 126% or ₱114.3 million in 2021 as compared to 2020. The increase in current assets is due to increase in accounts receivable amounting to ₱84.2 million. The Company has total assets of ₱996.9 million as of December 31, 2021 of which ₱774.9 million or 78% is comprised of the Company's building, medical equipment and other property and equipment.

The liabilities of the Company is mainly consist of accounts payable to suppliers, medical practitioners and related parties, and loans payable to the Land bank of the Philippines totaling ₱370.3 million as of December 31, 2021. Total current liabilities have decreased by less than 1% or ₱0.1 million in 2021 as compared in 2020.

There are no known trends, events or uncertainties that have material impact on liquidity. Nevertheless, Management still continues to pursue intensive collection efforts to reduce accounts receivables and improve cash management.

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

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 regular capital expenditures to improve its hospital operations.

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

#### Material Variances Affecting the Statements of Financial Position

Statement of financial position accounts as of December 31, 2021 with variances of plus or minus 5 percent against December 31, 2020 balance are discussed, as follows:

##### **Current assets**

1. Cash - The increase in cash is due to increase in revenue caused by increased in hospital census and occupancy rate of the Company which resulted to increase in collections from clients and PHIC.
2. Accounts Receivable – The increase in accounts receivable of 269% is due to increase in collectible from PhilHealth due to increase in COVID patients of the Hospital and receivable from deceased patients.
3. Inventories – Inventories has decreased by 5% in 2021 as compared to 2020 due to the Company's improvement on regulating its inventory stock level.
4. Prepayments and other current assets – The increase is due to the increase in Input VAT from purchases of supplies and consumable. Most of the Company's services are VAT-exempt, thus, Input VAT has not been applied.

##### **Noncurrent assets**

5. Property and equipment – Decrease in property and equipment is due to depreciation expense recognized in 2021 amounting to ₱73.0 million

##### **Current and Noncurrent Liabilities**

6. Accounts payables – Accounts payables has increased from ₱90.4 million to ₱95.1 million due to increase in purchases of medicines and supplies. Additionally, medical equipment has been purchased in the year 2021.
7. Notes payable – In 2021, the Company has paid a total of ₱42.5 million to its long-term notes payable which caused the decrease in total current and noncurrent notes payable.

## Key Performance Indicators

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
<b>a. CURRENT RATIO</b> = Current assets / Current liabilities	1.02	0.45	0.55
<p>Remarks: The current ratio measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. Current ratio in 2020 decreased as net result of the increase in loans payable and inventory. Current ratio in 2019 decreased compared to prior years due to the increase in payables as a result of the purchases of medical equipment and supplies used in the hospital operations.</p>			
<b>b. DEBT TO EQUITY RATIO</b> = Debt / Equity	1.49	2.36	3.00
<p>Remarks: Debt to equity ratio shows the proportions of equity and debt a company is using to finance its assets and it signals the extent to which shareholder's equity can fulfill obligations to creditors. Debt to equity in 2020 decreased as a net effect of the increase in loans payable and additional net loss during the year. The Company has availed of short term loans in 2020. Debt to equity in 2019 decreased as a result of the payment of the advances from shareholders, payment of current year loan amortization and sale of shares.</p>			
<b>c. DEBT TO TOTAL ASSET RATIO</b> = Debt / Asset	0.60	0.71	0.75
<p>Remarks: Debt to total asset ratio is an indicator of a company's financial leverage. It is the percentage of a company's total assets that were financed by creditors. Debt to total asset ratio in 2020 decreased as result of additional loans availed during the year to finance the Company's operations and decrease in advances from shareholders. The debt to total asset ratio decreased in 2019 which means decrease in financial leverage and decrease in risk.</p>			
<b>d. ASSET TO EQUITY RATIO</b> = Assets / Equity	2.49	3.36	4.00
<p>Remarks: Asset to equity ratio shows the relationship of the total assets of the Company to the portion owned by shareholders. This ratio is an indicator of the company's leverage (debt) used to finance the firm. Asset to equity ratio in 2020 decreased due to the significant increase in deficit, share capital and share premium over increase in asset. Asset to equity ratio decreased in 2019 as result of the payment of advances to shareholders and sales of shares.</p>			
<b>e. PROFIT MARGIN</b> = Net Income (Loss) / Net Revenue	0.04	(0.26)	(0.29)
<p>Remarks: Profit margin is a measure of the Company's income (loss) relative to its revenue. It represents what percentage of revenue has turned into income or loss. Profit margin in 2021 slightly increased due to the Company's continuous improvement in its financial performance.</p>			

## **E. 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.

There are no transactions in the last two (2) years or proposed transactions to which the Company was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- i. Any director or executive officer of the Corporation;
- ii. Any nominee for election as a director;

- iii. Any security holders;
- iv. Any member of the immediate family of the preceding persons.

The Company's related parties include its affiliates and shareholders, the Company's key management personnel and others as described below.

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

### Certain Relationships and Related Transactions

The Company, in the normal course of business, transacts business with individuals which are considered related parties. The following were carried out with related parties as at December 31, 2021 and 2020:

Category	Advances from shareholders 2020	Amount of Transactions 2021	Advances from shareholders 2021	Terms	Conditions
Advances from shareholders					
Non-interest- Bearing	24,555,954	<b>(23,656,500)</b>	<b>899,454</b>	Non-interest- bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	22,200,000	<b>(4,000,000)</b>	<b>18,200,000</b>	Interest- bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	46,755,954	<b>(27,656,500)</b>	<b>19,099,454</b>		

(a) Non-interest-bearing Advances from shareholders

In the special meeting of the Board held last May 7, 2017, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development of its medical structures and appurtenances. In view of this, the shareholders advanced the monies in support of the Company's building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. The Company, however, also reserves the right to defer settlement and prioritize completion of the hospital building.

(b) Interest-bearing Advances from shareholders

On June 3, 2019, the Company acquired an unsecured interest-bearing advance from the shareholders at 12% per annum which was primarily used by the Company to support the working capital requirement during the start of its operation. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction. Total finance costs on these loans amounted to ₱2,682,430 and ₱1,237,605 in 2021 and 2020, respectively.

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

### Family Relationships

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.

## F. Management and Certain Security Holders

### Directors, Executive Officers

There are eleven (15) members of the Board, three (3) of whom are independent directors who hold office for one (1) year. 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.

No director or executive officer has been involved in any legal proceeding during the last five (5) years.

#### **G. Corporate Governance**

The Company adheres to the principles of good governance as provided in its Manual on Corporate Governance (MCG). In the performance of their respective responsibilities, the directors, officers and employees are guided by the mission and vision of the Company and the good corporate practices provided under the Company's Manual on Corporate Governance.

The Board has created different committees: Nomination and Election Committee, Audit Committees, Remuneration/Compensation Committee, Committee on Corporate Governance and Committee on Inspection and Validity of Proxies, all composed of qualified members and who undertake their functions as mandated. There were no major deviations from the adopted Manual on Corporate Governance.

The Independent directors have submitted their Certificates of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code. The Corporation has filed its Manual on Corporate Governance on August 7, 2020.

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 20 STOCKHOLDERS  
As of May 31, 2022**

	NAME	NATIONALITY	TYPE	NUMBER OF SHARES	% OF OWNERSHIP
1.	Amado Manuel C. Enriquez Jr.	Filipino	Common	12,450	7.56%
			Founder	50	
			TOTAL	12,500	
2.	Marietta T. Samoy	Filipino	Common	7,470	4.53%
			Founder	30	
			TOTAL	7,500	
3.	Geanie A. Cerna-Lopez	Filipino	Common	4,980	3.02%
			Founder	20	
			TOTAL	5,000	
4.	Felicisimo D. De Castro	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
5.	Roberto M. De Leon	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
6.	Brenda V. Diputado	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
7.	Jonathan C. Amante	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
8.	Aejeleth B. Eyas	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
9.	Felix P. Nolasco	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
10.	Generoso M. Orillaza	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
11.	Ronald L. Ramiro	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
12.	Roy Diamond M. Arco	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
13.	Rolando E. Regalado	Filipino	Common	2,490	1.51%
			Founder	10	

			TOTAL	2,500	
14.	Robert H. Tan	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
15.	Idelle Marie A. Yurong	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
16.	Pal K. Amante	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
17.	Franciene P. Vasquez	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
18.	Brian Joseph M. Calinawagan	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
19.	Maria Rhodora G. De Leon	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
20.	Michael Edward R. Enriquez	Filipino	Common	2,490	1.51%
			Founder	10	
			TOTAL	2,500	
21.	Others	Filipino	Common	93,530	59.19%
			Founder	330	
			TOTAL	93,860	

**ANNEX “D”**

**LIST OF THE DIRECTORS, OFFICERS AND STOCKHOLDERS WHO ATTENDED THE  
Y2021 ANNUAL STOCKHOLDERS’ MEETING**

1. Enriquez, Amado Manuel Jr C.
2. Amante, Jonathan C.
3. Tan, Robert H.
4. Cerna-Lopez, Geanie
5. Eyas, Aejeleth B.
6. Apla-on, Daryl M.
7. De Leon, Roberto M.
8. Domingo, Carmelo Jr.
9. Singco, Angelo Michael A.
10. Olegario, Lynn L.
11. Vera Cruz, Maria Carmelita
12. Buenaventura, Marilou P.
13. Arroyo, Nestor Jogie
14. De Castro, Felicisimo
15. Zozobrado, Evangeline
16. Fontelo,Raponzel
17. Yurong, Idelle Marie
18. Uy, Corazon
19. Sison, Aideline
20. Vasquez, Franciene
21. Vere Cruz, Maria Carmelita
22. Amante, Pal
23. Emperado, Jennifer
24. Nuico Revey
25. Orillaza, Generoso
26. Orillaza, Marris
27. Rana, Daphne
28. Regalado, Rolando
29. Rosario, Concepcion
30. Sayson, Karen
31. Arco, Roy Diamond
32. Tan, Nailani
33. Rosario, Silahis
34. Calinawagan, Joseph
35. Diputado, Brenda
36. Ramiro, Ronald
37. Ramiro, Jane
38. Credo, Junabeth
39. Nolasco, Felix
40. Samoy, Marietta
41. Nolasco, Eulenia
42. Nuico, Glenda
43. Eyas, Cresman
44. De Leon Roberto
45. Orhel, Bernie
46. Lopez, Mark
47. Enriquez, Marilyn
48. Enriquez, Michael Edward
49. Enriquez, Miguel Antonio
50. De Leon, Rhodora

51. De La Rosa, Esmeralda
52. Alcala, Angelo L.
53. De La Rosa, Carlos
54. Patun-og, Dennis
55. Patun-og, Dezire Selim
56. Villanueva, Geronimo Mueco Jr.
57. Patun-og, Demosthenes Jr
58. Duran, Judee Ann
59. Eyas, Cresman
60. Romero, Chrizbell
61. Ontal, Hope Charmaine
62. Go, Bimchill
63. Olam, Susana
64. Pamaylo-an, Roselyn
65. Cerna, Felino
66. Romero, Carol Faye
67. Bustillo, Jericha

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, MARISSA A. ORILLAZA, Filipino, of legal age and a resident of 105 MOTHER IGNACIA AVENUE UNIT 9, SOUTH TRIANGLE, QUEZON CITY , having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ACEMC-DUMAGUETE and it will be my first time to be an independent director.
2. I am affiliated with the following companies or organizations .

Company/Organization	Position/Relationship	Period of Service
1. ACEMC-Valenzuela	Founding Member Director	January 2014 to present Currently On Board
2. ACEMC-Pateros	Founding Member Director	June 2012 to present Currently On Board
3. ACEMC-Quezon City	Founding Member Director	June 2013 to present Currently on Board
4. ACEMC-Tacloban	Founding Member Director	October 2016 to present Currently on Board
5. N/A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ALIED CARE EXPERTS - DUMAGUETE DOCTORS 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 different ACE group of hospitals as follows 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		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
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 of 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 ACEMC-DUMAGUETE of any changes in the abovementioned information within five days from its occurrence.

Done this 21st day of June 2022 , at Quezon City.

*Marian*

MARISSA A. ORILLAZA, MD  
Affiant

SUBSCRIBED AND SWORN to before me this JUN 21 2022 day of QUEZON CITY at QUEZON CITY affiant personally appeared before me and exhibited to me his/her \_\_\_\_\_ issued on \_\_\_\_\_, at \_\_\_\_\_

Doc No 6  
Page No 3  
Book No 100  
Series of 2022

*Concepcion P. Villareña*

ATTY. CONCEPCION P. VILLAREÑA  
Notary Public for Quezon City  
Until December 31, 2022  
PTR No. 2442851 / January 3, 2022 Q.C  
IBP No. 167802 / November 25, 2021 Q.C  
Roll No. 30457 / 05-09-1980  
MCLE VI-0030379 / 02-21-2020  
ADM. MATTER No. NF-005 (2022-2023)  
TIN NO. 131-942-754

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RENE S. NUICO, Filipino, of legal age and a resident of DUMAGUETE CITY, having been duly sworn in accordance with law do hereby declare that:

- I am a nominee for independent director of ACE Dumaguete Doctors Inc and have been its independent director since 2015.
- I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ACE DUMAGUETE DOCTORS INC, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances
- 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



- 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);
- (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
- 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 ~~ACE DAMACUTE VICTOR~~ of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 29 day of 2022.

  
REVE S. NUICO  
Affiant

SUBSCRIBED AND SWORN to before me this JUN 29 day of 2022, at PRC ID affiant personally appeared before me and exhibited to me his/her issued on \_\_\_\_\_, at \_\_\_\_\_

Doc No 302  
Page No 62  
Book No 1  
Series of 2022

  
ATTY. JULIUS ANTHONY R. CUENCO, CP  
NOTARY PUBLIC FOR DUMAGUETE CITY, SIATON, VALENZA, ZAMBOANGUITA, DAUIN, BACONG, AND SIBULAN  
NOTARIAL COMMISSION NO. 2021-006, UNTIL DEC. 31, 2024  
2/F RZA COMMERCIAL BLDG., POBLACION, SIBULAN, NEGROS ORIENTAL  
ROLL OF ATTORNEYS NO. 75804  
PTR NO.: 5804478A/01-03-2022, SIBULAN  
IBP NO. 167208/11-12-2021, NEGROS ORIENTAL  
MTLE EXEMPTION NO. VII-REP003733

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, RONALD L. RAMIRO, MD, Filipino, of legal age and a resident of 252 Jose Go St., Tagbilaran City, having been duly sworn in accordance with law do hereby declare that:

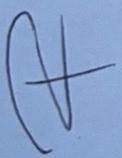
1. I am a nominee for independent director of Allied Care Experts Dumaguete Doctors Inc. and have been its independent director since 2021.
2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
ACEMC Bohol Inc.	President/Stockholder	2014 to present
Ramiro Community Hospital	Medical Director/Stockholder	1994 to 2014
N/A	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts Dumaguete Doctors 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       N/A      , pursuant to Office of 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 Dumaguete Doctors Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 18th day of June 2022, at Tagbilaran City.



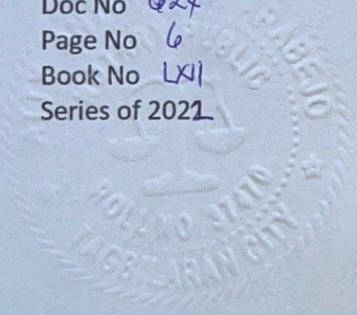
RONALD L. RAMIRO, MD

**Affiant**

SUBSCRIBED AND SWORN to before me this 18<sup>th</sup> day of June 2022, at Tagbilaran City affiant personally appeared before me and exhibited to me his/her \_\_\_\_\_ issued on \_\_\_\_\_, at \_\_\_\_\_

Doc No 624  
Page No 6  
Book No LXI  
Series of 2021

**ANTONIO B. ARABEJ**  
NOTARY PUBLIC - NCS NO. 207  
UNTIL JUNE 30, 2022  
PTR NO. 0731865, 12-11-2019 PG-  
BP OR NO. 094984/11-15-2019 FOR 21  
ROLL NO. 37470, MGLE VI-0006609, 12-20-21





ACEDDI ACCOUNTING <aceddiacctdept@gmail.com>

**Fw: Your BIR AFS eSubmission uploads were received**

1 message

**Yahoo Mail** <acedumaguetedoctors@yahoo.com.ph>  
To: ACEDDI ACCOUNTING <aceddiacctdept@gmail.com>

Fri, May 13, 2022 at 3:30 PM

----- Forwarded Message -----

**From:** "eafs@bir.gov.ph" <eafs@bir.gov.ph>  
**To:** "acedumaguetedoctors@yahoo.com.ph" <acedumaguetedoctors@yahoo.com.ph>  
**Cc:** "jonathancamante@su.edu.ph" <jonathancamante@su.edu.ph>  
**Sent:** Friday, May 13, 2022, 03:28:54 PM GMT+8  
**Subject:** Your BIR AFS eSubmission uploads were received

Hi ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.,

**Valid files**

- EAFS008997532ITRTY122021.pdf
- EAFS008997532AFSTY122021.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-M43TVP320DGB98CAQR324YZ10CDAF886**  
Submission Date/Time: **May 13, 2022 03:12 PM**  
Company TIN: **008-997-532**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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**ACE Dumaguete Doctors**  
F. Cimafranca Street, Daro , Dumaguete City

Email: [acedumagueteDoctors@yahoo.com.ph](mailto:acedumagueteDoctors@yahoo.com.ph) Tel# (035) 421-2119 / 523-5957 Cell # 09322420610

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

The management of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** complete and correct in all material respects. Management likewise affirms that:

- (a.) The Annual Income Tax Return has been prepared in accordance with the provisions of National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and Bureau of Internal Revenue;
- (b.) Any disparity of figures in the submitted reports arising from preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances.
- (c.) **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

**Dr. Amado Manuel C. Enriquez**  
Chairman of the Board

**Dr. Jonathan C. Amante**  
President

**Dr. Roy Diamond M. Arco**  
Corporate Treasurer

Signed this 19 day of 2022



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
TO ACCOMPANY INCOME TAX RETURN**

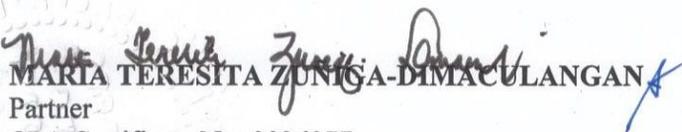
The Board of Directors and Stockholders  
**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
DML Building, North Road,  
Dumaguete City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** as at and for the year ended December 31, 2021, on which we have rendered the attached report dated April 14, 2022.

In compliance with Revenue Regulations V-20, we are stating the following:

- a.) No Partner of our Firm is related by consanguinity or affinity to the President, Manager or any member of the Board of Directors and Stockholders of the Company.
- b.) The disclosure on taxes and licenses paid or accrued during the year is shown in the supplementary report attached to the Company's financial statements.

**For the firm : DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S**

  
MARIA TERESITA ZUNIGA-DIMACULANGAN

Partner

CPA Certificate No. 0036077

BOA Registration No. 0416, effective until March 19, 2024

SEC Accreditation No. 1777-A (Group B), effective until September 09, 2022

BIR Accreditation No. 08-002906-000-2020, effective until April 13, 2023

Tax Identification No. 133-451-815

PTR No. MKT 8873832, January 21, 2022

April 14, 2022  
Makati City  
Philippines

# **Allied Care Experts (ACE) Dumaguete Doctors Inc.**

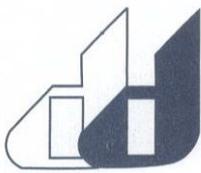
## **Financial Statements**

As at December 31, 2021 and 2020

and for the years ended December 31, 2021, 2020 and 2019

and

## **Independent Auditor's Report**



## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Stockholders  
**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
DML Building, North Road,  
Dumaguete City

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, 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 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 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 *Auditor's 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 audit opinion.

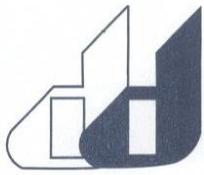
#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

As at December 31, 2021 and 2020, we have determined that there are no key audit matters to communicate in our report.

#### *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 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 but to do so.

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

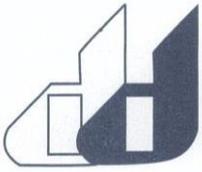
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 the Supplementary Information Required Under Revenue Regulation 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Report on Additional Components of the Financial Statements**

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** (the "Company") as at and for the year ended December 31, 2021 and have issued our report thereon dated April 14, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules required by paragraph 7, Part II of the Revised Securities Regulation Code (SRC) Rule 68 (Annex 68-J), Reconciliation of Retained Earnings Available for Dividend Declaration, and Schedule of Financial Soundness Indicators are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised SRC Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

**For the firm: DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S**

  
MARIA TERESITA ZUNIGA-DIMACULANGAN

Partner

CPA Certificate No. 0036077

BOA Registration No. 0416, effective until March 19, 2024

SEC Accreditation No. 1777-A (Group B), effective until September 09, 2022

BIR Accreditation No. 08-002906-000-2020, effective until April 13, 2023

Tax Identification No. 133-451-815

PTR No. MKT 8873832, January 21, 2022

April 14, 2022

Makati City

Philippines

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Philippine Peso)

<b>ASSETS</b>	<i>Notes</i>	<b>December 31,</b>	
		<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>			
Cash	<i>6</i>	<b>36,298,880</b>	18,004,975
Accounts and other receivables	<i>7</i>	<b>115,509,513</b>	31,285,309
Medical inventories and hospital supplies	<i>8</i>	<b>36,528,769</b>	38,496,389
Prepayments and other current assets	<i>9</i>	<b>17,645,840</b>	3,133,078
		<b>205,983,002</b>	90,919,751
<b>NONCURRENT ASSETS</b>			
Advances to suppliers		<b>14,741,074</b>	13,214,250
Advances to contractors		-	13,475,205
Property and equipment (net)	<i>10</i>	<b>774,877,379</b>	814,296,760
Intangible assets (net)		<b>80,000</b>	100,000
Deferred tax assets	<i>5,19</i>	<b>1,919,525</b>	963,602
Other noncurrent assets		<b>16,000</b>	16,000
		<b>791,633,978</b>	842,065,817
<b>TOTAL ASSETS</b>		<b>997,616,980</b>	932,985,568

<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	<i>11</i>	<b>95,123,112</b>	90,378,757
Notes payable - current portion	<i>12</i>	<b>106,666,666</b>	111,841,009
Income tax payable	<i>19</i>	<b>1,080,660</b>	768,101
		<b>202,870,438</b>	202,987,867
<b>NONCURRENT LIABILITIES</b>			
Notes payable - net of current portion	<i>12</i>	<b>374,500,000</b>	404,825,657
Advances from shareholders	<i>13</i>	<b>19,099,454</b>	46,755,954
		<b>393,599,454</b>	451,581,611
<b>TOTAL LIABILITIES</b>		<b>596,469,892</b>	654,569,478

*Balance forwarded*

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Philippine Peso)

<b>LIABILITIES AND EQUITY</b>	<i>Notes</i>	<b>December 31,</b>	
		<b>2021</b>	<b>2020</b>
<i>Forwarded balance</i>			
<b>EQUITY</b>			
Share capital	<i>14</i>	<b>165,420,000</b>	161,360,000
Share premium	<i>14</i>	<b>313,280,000</b>	215,840,000
Deficit		<b>(77,552,912)</b>	(98,783,910)
		<b>401,147,088</b>	278,416,090
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>997,616,980</b>	932,985,568

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Amounts in Philippine Peso)

	<i>Notes</i>	<b>For the years ended December 31,</b>		
		<b>2021</b>	2020	2019
<b>REVENUES (net)</b>	<i>15</i>	<b>508,934,355</b>	294,751,808	108,297,120
<b>DIRECT COSTS</b>	<i>16</i>	<b>394,139,597</b>	256,388,748	98,522,067
<b>GROSS PROFIT</b>		<b>114,794,758</b>	38,363,060	9,775,053
<b>OTHER INCOME</b>	<i>6,17</i>	<b>27,312</b>	77,177	12,722
<b>GROSS INCOME</b>		<b>114,822,070</b>	38,440,237	9,787,775
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<i>18</i>	<b>59,769,346</b>	50,918,483	35,240,351
<b>NET OPERATING INCOME (LOSS)</b>		<b>55,052,724</b>	(12,478,246)	(25,452,576)
<b>FINANCE COST</b>	<i>12,13</i>	<b>33,821,727</b>	30,585,430	6,468,209
<b>NET INCOME (LOSS) BEFORE INCOME TAX</b>		<b>21,230,997</b>	(43,063,676)	(31,920,785)
<b>PROVISION FOR INCOME TAX</b>	<i>19</i>	-	-	-
<b>NET INCOME (LOSS) FOR THE YEAR</b>		<b>21,230,997</b>	(43,063,676)	(31,920,785)
<b>OTHER COMPREHENSIVE INCOME (LOSS) DURING THE YEAR</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>21,230,997</b>	(43,063,676)	(31,920,785)
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<i>20</i>	<b>131.27</b>	(266.88)	(203.78)

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Deficit	Total
<b>EQUITY</b>				
As at January 1, 2019	150,000,000	-	(23,799,449)	126,200,551
Increase in share capital	6,640,000	-	-	6,640,000
Share premium	-	126,160,000	-	126,160,000
Net loss for the year	-	-	(31,920,785)	(31,920,785)
As at December 31, 2019	156,640,000	126,160,000	(55,720,234)	227,079,766
Increase in share capital	4,720,000	-	-	4,720,000
Share premium	-	89,680,000	-	89,680,000
Net loss for the year	-	-	(43,063,676)	(43,063,676)
<b>As at December 31, 2020</b>	<b>161,360,000</b>	<b>215,840,000</b>	<b>(98,783,910)</b>	<b>278,416,090</b>
<b>Increase in share capital</b>	<b>4,060,000</b>	<b>-</b>	<b>-</b>	<b>4,060,000</b>
<b>Share premium</b>	<b>-</b>	<b>97,440,000</b>	<b>-</b>	<b>97,440,000</b>
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>21,230,997</b>	<b>21,230,997</b>
<b>As at December 31, 2021</b>	<b>165,420,000</b>	<b>313,280,000</b>	<b>(77,552,912)</b>	<b>401,147,088</b>

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF CASH FLOWS**  
(Amounts in Philippine Peso)

<i>Notes</i>	<b>For the years ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss) before income tax	<b>21,230,997</b>	(43,063,676)	(31,920,785)
Adjustments to reconcile net income (loss) before income tax to net cash provided by (used in) operating activities:			
Depreciation	<i>10,16,18</i> <b>72,996,150</b>	46,889,782	30,962,107
Amortization of intangible assets	<b>20,000</b>	-	-
Interest expense	<i>12,13</i> <b>33,821,727</b>	30,585,430	6,468,209
Interest income	<i>6,17</i> <b>(27,312)</b>	(35,177)	(12,722)
Operating cash flows before changes in working capital	<b>128,041,562</b>	34,376,359	5,496,809
Changes in working capital components:			
Decrease (increase) in current assets:			
Accounts and other receivables	<i>7</i> <b>(84,224,204)</b>	(18,237,900)	(12,907,787)
Medical inventories and hospital supplies	<i>8</i> <b>1,967,620</b>	(14,732,889)	(21,744,951)
Prepayments and other current assets	<i>9</i> <b>(14,512,762)</b>	(1,895,630)	(1,087,448)
Increase (decrease) in current liabilities:			
Accounts payable and other liabilities	<i>11</i> <b>4,744,355</b>	(3,155,003)	54,255,692
Net cash generated from (used in) operations	<b>36,016,571</b>	(3,645,063)	24,012,315
Payment of income tax	<b>(643,363)</b>	(195,501)	-
Interest received	<i>6,17</i> <b>27,312</b>	35,177	12,722
<b>Net cash provided by (used in) operating activities</b>	<b>35,400,520</b>	(3,805,387)	24,025,037
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) Decrease in:			
Advances to suppliers	<b>(1,526,824)</b>	(942,333)	19,339,233
Advances to contractors	<b>13,475,205</b>	-	40,291,983
Additions to property and equipment	<i>10</i> <b>(33,576,769)</b>	(33,690,681)	(90,568,791)
Additions to construction in progress	-	-	(111,045,653)
Additions to intangible assets	-	(100,000)	-
<b>Net cash used in investing activities</b>	<b>(21,628,388)</b>	(34,733,014)	(141,983,228)

*Balance forwarded*

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**  
**STATEMENTS OF CASH FLOWS**  
(Amounts in Philippine Peso)

		<b>For the years ended December 31,</b>		
	<i>Notes</i>	<b>2021</b>	2020	2019
<i>Forwarded balance</i>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds of notes payable	<i>12</i>	<b>7,000,000</b>	63,000,000	68,900,000
Payment of principal loans	<i>12</i>	<b>(42,500,000)</b>	(8,666,667)	(17,666,667)
Payment of interest expense	<i>12,13</i>	<b>(33,821,727)</b>	(30,585,430)	(6,468,209)
Proceeds from				
advances from shareholders	<i>13</i>	<b>15,123,500</b>	4,407,855	17,792,145
Payment of				
advances from shareholders	<i>13</i>	<b>(42,780,000)</b>	(82,805,000)	(112,853,876)
Increase in share capital	<i>14</i>	<b>4,060,000</b>	4,720,000	6,640,000
Additional share premium	<i>14</i>	<b>97,440,000</b>	89,680,000	126,160,000
<b>Net cash provided by financing activities</b>		<b>4,521,773</b>	39,750,758	82,503,393
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>18,293,905</b>	1,212,357	(35,454,798)
<b>CASH, beginning of the year</b>		<b>18,004,975</b>	16,792,618	52,247,416
<b>CASH, end of the year</b>	<i>6</i>	<b>36,298,880</b>	18,004,975	16,792,618

*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*

## **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.**

### **NOTES TO FINANCIAL STATEMENTS**

As at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019  
(Amounts in Philippine Peso)

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#### **NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS**

##### ***Corporate Information***

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** (the “Company”) was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under registration No. CS201506626 on April 1, 2015.

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

On June 28, 2019, the SEC En Banc under SEC MSRDR Order No.37 approved effective the registration statement of the Company for 186,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 36,000 shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱250,000 up to ₱400,000 per block. Issued and outstanding Founder shares (600) and common shares (149,400) are 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 Regulation 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.

In 2019, the Company became a BOI-Registered Non-Pioneer Status Hospital certified by the Board of Investments under registration no. 2019-034 dated February 19, 2019. Pursuant to the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting from November 2018 or actual start of commercial operations, whichever is earlier (the availment of which shall not be earlier than the date of registration).

The registered office of the Company is located at DML Building, North Road, Dumaguete City. The hospital construction site is located at Cimafranca St. Daro, Dumaguete City, Negros Oriental.

##### ***Status of Operations***

In March 2019, the Company started its commercial operations for outpatient clinics, radiology and laboratory department. Subsequently, the Company started its in-patients operations in July 2019, thereby, effectively commencing its full commercial operations. The Company is a 100-bed capacity Level II hospital.

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**NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION****Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

**Basis of Preparation and Presentation**

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

**Functional and Presentation Currency**

These financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

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**NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS****Adoption of New and Revised Accounting Standards Effective in 2021**

The Company adopted all applicable accounting standards and interpretations as at December 31, 2021. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed by the Management to be applicable to the Company's financial statements as follows:

*Amendments to PFRS 16, COVID-19-Related Rent Concessions beyond June 30, 2021.*

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to PFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19- related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- b) Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022); and
- c) There is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted, including in financial statements not yet authorized for issue at the date the amendment is issued.

Management of the Company has assessed that the adoption of the amendment has no impact on the Company's financial statements as the Company does not have COVID-19-related rent concessions.

*PIC Q&A No. 2020-07, PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements for the year ended December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020;
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed; and
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS.

For the financial statements ended December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense (income) may include “any adjustments recognized in the period for current tax of prior periods” and “the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes”
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The interpretation is effective on or after January 29, 2021. Management's assessment on the impact of this interpretation to the Company's financial statements is incorporated in Note 19. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT). Deferred tax assets as at December 31, 2021 were remeasured using 25% RCIT.

### **Standards Issued but not yet Effective:**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### ***Effective beginning on or after January 1, 2022***

##### ***Amendments to PFRS 3, References to the Conceptual Framework***

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not plan to enter into business combination.

##### ***Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statements of comprehensive income (loss), the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statements of comprehensive income (loss) include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

#### ***Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

#### ***Annual Improvements to PFRS Standards 2018-2020 Cycle***

##### ***Amendments to PFRS 1 – Subsidiary as a first-time adopter***

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1: D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

### ***Amendments to PFRS 9 – Fees in the '10 percent' test for derecognition of financial liabilities***

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

### ***Amendments to PAS 41 – Taxation in fair value measurements***

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

### ***Effective Beginning on or after January 01, 2023***

#### ***Amendments to PAS 1, Classification of Liabilities as Current or Non-current***

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statements of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or service.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Management is still evaluating the impact of the amendments on the Company's financial statements.

## **PFRS 17, *Insurance Contracts***

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - an amount representing the unearned profit in the group of contracts (the contractual service margin)
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

The adoption of the standard will not have a significant impact on the Company's financial statements as the Company does not issue insurance contracts.

### **Deferred Effectivity**

#### ***Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture****

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of

investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Management is still evaluating the impact of the amendments on the Company's financial statements.

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#### **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. The policies have been consistently applied to all years presented, unless otherwise stated.

##### **Current versus Noncurrent Classification**

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

The Company also modifies classification of prior year amounts to conform to current year's presentation.

##### **Fair Value Measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **Financial Instruments**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### ***Date of Recognition***

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

### ***"Day 1" Difference***

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become

observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

## **Financial Assets**

### ***Initial Recognition and Measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss.

The Company’s business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### ***Subsequent Measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### **Financial assets at amortized cost (debt instruments)**

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and accounts and other receivables as at reporting dates (see Notes 6 and 7).

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation, if any, and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit and loss.

The Company does not have debt instruments at fair value through OCI as at reporting dates.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 – Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments at fair value through OCI as at reporting dates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statements of profit or loss when the right of payment has been established.

The Company does not have financial assets at fair value through profit or loss as at reporting dates.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### ***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, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to 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 OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

### ***Impairment***

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are 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, discounted at an approximation of the original effective interest rate. The

expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss is required for credit expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

### ***Write-off***

Financial assets are written-off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

## **Financial Liabilities**

### ***Initial Recognition and Measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### ***Subsequent Measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by an entity that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

#### Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as "Finance cost" in the statements of comprehensive income (loss).

This category generally applies to accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders (see Notes 11, 12, and 13).

#### ***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

#### ***Fair Value Option***

The Company may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortized cost or fair value through other comprehensive loss to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch or otherwise results in more relevant information.

#### ***Classification of Financial Instrument between Liability and Equity***

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### **Offsetting of financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Company and all of the counterparties.

### **Cash**

Cash in the statements of financial position comprises cash on hand cash in various banks that are unrestricted and available for current operations. These are stated in the financial statements at amortized amount.

### **Advances**

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Advances has many forms such as advances to contractors and advances to suppliers.

### **Medical Inventories and Hospital Supplies**

Medical inventories and hospital supplies are initially measured at cost. Cost includes all costs of purchases, cost of conversion and other costs incurred in bringing the medical inventories and hospital supplies to their present location and condition. Medical inventories and hospital supplies are subsequently measured at the lower of cost and estimated selling price less costs to sell (net realizable value). Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, medical inventories and hospital supplies are assessed for impairment. If medical inventories and hospital supplies is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in the statements of comprehensive income (loss).

All medical inventories and hospital supplies are valued at cost which is lower than their net realizable value.

### **Prepayments and Other Current Assets**

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets represent assets of the Company which are expected to be realized or consumed within one year or within the Company's normal operating cycle whichever is longer. Other current assets are measured initially and subsequently presented in the financial statements at cost.

## **Property and Equipment**

Property and equipment are initially measured at cost. The cost of an item of property and equipment consists of:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

At the end of each reporting period, items of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses. Land is carried at cost less any impairment in value. Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statements of comprehensive income (loss).

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

## **Intangible Asset**

### ***Intangible asset acquired separately***

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization

and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

### **Impairment of Non-Financial Assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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 as income.

### **Related Party Relationships and Transactions**

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 shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

### **Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue cost.

### Share capital

Share capital is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

### Share premium

Share premium is the difference between the issue price and the par value of the stock and is known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value.

### Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of changes in accounting policy as may be required by the standard's transitional provision.

## **Revenue Recognition**

### Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The following specific recognition criteria must also be met before revenue is recognized:

### Service income from hospital services

The Company renders primary healthcare services to its patients over a single period of time in the ordinary course of business. Revenue is recognized as the services are provided.

### Sale of medical goods

Revenue from sale of goods is recognized at point in time when control of the asset is transferred to the customer.

## **Revenue Recognition outside the Scope of PFRS 15**

*Interest Income* is recognized as the interest accrues, taking into account the effective yield on the asset.

*Other income* is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

## **Costs and Expense Recognition**

Costs and expenses are recognized in the profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation

procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Costs and expenses in the statements of comprehensive income (loss) are presented using the function of expense method. Direct costs are expenses incurred that are associated with services rendered. General and administrative expenses are costs attributable to general administrative, and other business activities of the Company.

## **Income Tax**

Income tax expense represents the sum of the current tax expense and deferred tax expense.

### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income (loss) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

### *Deferred tax*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computations of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### *Current and deferred tax for the year*

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive income or directly in equity respectively.

## **Earnings (Loss) per Share**

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

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

## **Employee Benefits**

### Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### Post-employment benefits

#### *Retirement benefit plan*

The Company is subject to the provision of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan, an agreement providing benefits for retiring employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in service, may retire and shall be entitled to a retirement pay equivalent to at least ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

However as at reporting dates, the Company has not yet established a retirement benefits plan for its employees since the Company has just started its commercial operation.

## **Leases**

The Company determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

#### *The Company as lessee*

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive income (loss), net of any reimbursement.

Contingent liabilities are not recognized in the Company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the Company financial statements.

### **Events After the Reporting Period**

The Company identifies events after the reporting date as events that occurred after the reporting date but before the date when the Company financial statements were authorized for issue. Events after the reporting date that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the Company financial statements when material.

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### **NOTE 5 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

## **Judgments in Applying the Company's Accounting Policies**

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:

### *Business Model Assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

### *Significant Increase of Credit Risk*

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

### *Classification of Financial Instruments*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

### *Determination of Whether a Lease is a Finance or Operating Lease*

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

### Operating Lease Commitments – Company as Lessee

Based on Management evaluation, the lease arrangements entered into by the Company as a lessee are accounted for as operating leases because the Company has determined that the lessor will not transfer the ownership of the leased assets to the Company upon termination of the lease.

### *Recognition of Deferred Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied.

### *Impairment of Non-Financial Assets*

Non-financial assets are periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

### *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 4, subheading "*Provisions and Contingencies.*"

## **Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

### *Assessment for ECL on Other Financial Assets at Amortized Cost*

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was

recognized as at December 31, 2021 and 2020. The carrying amounts of other financial assets at amortized cost are as follows:

	2021	2020
Cash in banks	35,426,206	16,115,242
Accounts and other receivables	115,509,513	31,285,309
	<b>150,935,719</b>	<b>47,400,551</b>

#### *Assessment for Impairment of Non-financial Assets*

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on non-financial assets was recognized as at December 31, 2021 and 2020.

The carrying amounts of non-financial assets are as follows:

	2021	2020
Medical inventories and hospital supplies	36,528,769	38,496,389
Prepayments and other current assets	17,645,840	3,133,078
Advances to suppliers	14,741,074	13,214,250
Advances to contractors	–	13,475,205
Property and equipment (net)	774,877,379	814,296,760
Intangible assets (net)	80,000	100,000
Other noncurrent assets	16,000	16,000
	<b>843,889,062</b>	<b>882,731,682</b>

#### *Estimating useful lives of assets*

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of the Company's property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be

affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the assets would increase the recognized operating expenses and decrease non-current assets.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

<b>Categories</b>	<b>Estimated Useful Lives</b>
Building	5 - 40 years
Land Improvement	5 years
Office Equipment, Furniture and Fixtures	3 - 20 years
Medical Machineries and Equipment	3- 10 years
Transportation Equipment	5 years

As at December 31, 2021 and 2020, the Company's property and equipment had carrying amounts of ₱774,877,379 and ₱814,296,760, respectively, as disclosed in Note 10. Total accumulated depreciation as at December 31, 2021 and 2020 amounted to ₱152,068,889 and ₱79,072,739, respectively, as disclosed in Note 10.

Intangible asset represents software license and being amortized over its estimated useful life of five (5) years.

The Company's intangible assets as at December 31, 2021 and 2020 had carrying amounts of ₱80,000 and ₱100,000, respectively. Total amortization as at December 31, 2021 amounted to ₱20,000.

#### *Deferred tax assets*

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company has recognized net deferred tax assets amounting to ₱1,919,525 and ₱963,602 as at December 31, 2021 and 2020, respectively (see Note 19).

Deferred tax assets (NOLCO) with full valuation allowance as at December 31, 2021, 2020 and 2019 amounted to ₱16,473,047, ₱26,955,983 and ₱15,648,793, respectively (see Note 19).

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#### **NOTE 6 - CASH**

The account consists of:

	<b>2021</b>	2020
Cash on hand	<b>872,674</b>	1,889,733
Cash in banks	<b>35,426,206</b>	16,115,242
	<b>36,298,880</b>	18,004,975

Cash on hand and cash in bank that are unrestricted and available for current operations.

Cash on hand pertains to undeposited receipts and petty cash funds that are maintained to cover expenditure on small items such as transportation, supplies and other payments at the discretion of management.

Cash in banks generally earn interest at rates based on daily bank deposit rates. Interest earned from bank deposits amounted to ₱27,312 ₱35,177 and ₱12,722 in 2021, 2020 and 2019, respectively, and is presented as part of “other income” in the statements of comprehensive income (loss).

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**NOTE 7 - ACCOUNTS AND OTHER RECEIVABLES**

This account consists of:

	2021	2020
Due from PhilHealth <sup>1)</sup>	102,390,753	22,461,559
Due from HMOs <sup>1)</sup>	6,495,934	4,442,115
Accounts receivables <sup>2)</sup>	5,769,572	3,571,911
Advances to officers and employees	139,623	139,623
Other receivables	713,631	670,101
	<b>115,509,513</b>	<b>31,285,309</b>

<sup>1)</sup>This account pertains to reimbursements for hospital expenses and doctors’ fees availed by patients who are members of the Philippine Health Insurance Corporation (PhilHealth) and Health Maintenance Organization (HMOs).

<sup>2)</sup>Accounts receivables pertain to receivables from patients and financial assistance availed by patients from the Department of Social Welfare and Development (DSWD) and Philippine Charity Sweepstakes Office (PCSO).

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**NOTE 8 - MEDICAL INVENTORIES AND HOSPITAL SUPPLIES**

The account consists of:

	2021	2020
<b>Inventories Held for Consumption:</b>		
Medical and laboratory supplies <sup>1)</sup>	13,516,225	23,327,483
General hospital maintenance supplies <sup>2)</sup>	8,338,849	1,334,199
	<b>21,855,074</b>	<b>24,661,682</b>
Drugs and medicines inventory for sale - Pharmacy	14,673,695	13,834,707
	<b>36,528,769</b>	<b>38,496,389</b>

<sup>1)</sup>Medical and laboratory supplies refer to drugs and medication supplies available for consumption of patients and attending hospital staff.

<sup>2)</sup>General hospital maintenance supplies pertain to purchases of cleaning and sanitation supplies for the hospital upkeeps and general housekeeping.

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

This account consists of:

	<b>2021</b>	2020
Input VAT	<b>16,372,936</b>	1,940,496
Prepaid insurance	<b>1,116,715</b>	1,036,393
Advances for liquidation	<b>150,000</b>	150,000
Others	<b>6,189</b>	6,189
	<b>17,645,840</b>	3,133,078

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**NOTE 10 - PROPERTY AND EQUIPMENT (net)**

Reconciliation of property and equipment (net) as at December 31, 2021 is as follows:

	Land and Land Improvement	Building and Building Improvement	Medical Machineries and Equipment	Transportation Equipment	Office Equipment, Furnitures and Fixtures	Total
<b>Cost:</b>						
At beginning of year	53,318,860	607,779,502	202,649,926	1,775,000	27,846,211	893,369,499
Additions	–	1,868,795	15,430,144	–	16,277,830	33,576,769
<b>At end of year</b>	<b>53,318,860</b>	<b>609,648,297</b>	<b>218,080,070</b>	<b>1,775,000</b>	<b>44,124,041</b>	<b>926,946,268</b>
<b>Accumulated depreciation:</b>						
At beginning of year	471,750	23,378,443	45,427,166	644,555	9,150,825	79,072,739
Depreciation	83,250	26,615,894	40,330,368	380,333	5,586,305	72,996,150
<b>At end of year</b>	<b>555,000</b>	<b>49,994,337</b>	<b>85,757,534</b>	<b>1,024,888</b>	<b>14,737,130</b>	<b>152,068,889</b>
<b>Net carrying value, December 31, 2021</b>	<b>52,763,860</b>	<b>559,653,960</b>	<b>132,322,536</b>	<b>750,112</b>	<b>29,386,911</b>	<b>774,877,379</b>

Reconciliation of property and equipment (net) as at December 31, 2020 is as follows:

	Land and Land Improvement	Building and Building Improvement	Medical Machineries and Equipment	Transportation Equipment	Office Equipment, Furnitures and Fixtures	Total
<b>Cost:</b>						
At beginning of year	52,993,860	586,692,249	192,570,072	1,775,000	25,647,637	859,678,818
Additions	325,000	21,087,253	10,079,854	–	2,198,574	33,690,681
<b>At end of year</b>	<b>53,318,860</b>	<b>607,779,502</b>	<b>202,649,926</b>	<b>1,775,000</b>	<b>27,846,211</b>	<b>893,369,499</b>
<b>Accumulated depreciation:</b>						
At beginning of year	360,750	8,623,637	18,388,778	322,278	4,487,514	32,182,957
Depreciation	111,000	14,754,806	27,038,388	322,277	4,663,311	46,889,782
<b>At end of year</b>	<b>471,750</b>	<b>23,378,443</b>	<b>45,427,166</b>	<b>644,555</b>	<b>9,150,825</b>	<b>79,072,739</b>
<b>Net carrying value, December 31, 2020</b>	<b>52,847,110</b>	<b>584,401,059</b>	<b>157,222,760</b>	<b>1,130,445</b>	<b>18,695,386</b>	<b>814,296,760</b>

Depreciation expense is charge into two categories:

	2021	2020	2019
Direct costs (Note 16)	<b>58,173,191</b>	37,366,752	24,372,824
General and administrative expenses (Note 18)	<b>14,822,959</b>	9,523,030	6,589,283
	<b>72,996,150</b>	46,889,782	30,962,107

As certified by the Company's construction manager, the hospital building has an estimated useful life of 40 years.

The land covered by TCT # 109-2015000619 and 109-2015000621 amounting to ₱52,438,860 with total area of 7,833 sqm is located at F. Cimafranca St., Daro, Dumaguete City where the Company had constructed a multidisciplinary specialty medical facility (hospital) and is the subject of the real estate mortgage including all other existing and future improvements thereon as disclosed in Note 12. The fair market value of the land as at December 31, 2021 and 2020 approximates its cost.

Management has reviewed the carrying values of property and equipment as at December 31, 2021 and 2020 for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

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#### **NOTE 11 - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

This account consists of:

	2021	2020
Accounts payable – suppliers <sup>1)</sup>	<b>60,722,963</b>	35,270,601
Accrued expenses <sup>2)</sup>	<b>22,177,499</b>	37,643,097
Retention payable <sup>3)</sup>	<b>7,676,989</b>	13,055,412
Accrued interest payable <sup>4)</sup>	<b>3,019,956</b>	2,841,041
Government liabilities <sup>5)</sup>	<b>1,525,705</b>	1,568,606
	<b>95,123,112</b>	90,378,757

<sup>1)</sup>Accounts payable – suppliers represent balances of medical equipment and hospital supplies purchased and delivered as of reporting date.

<sup>2)</sup>Accrued expenses pertain to unpaid expenses incurred during the year.

<sup>3)</sup>Retention payable refers to the amount withheld by the Company from the contractor's periodic progress billings as provided for in their respective contract. This shall be released to the contractor, net of deductions, if any, upon full completion of the project and final acceptance by the Company.

<sup>4)</sup>Accrued interest payable refer to accrual of interest expense on loans from a development bank (see Note 12).

<sup>5)</sup>Government liabilities represents payable to government agencies (e.g. BIR, SSS, PHIC, HDMF) for other taxes due other than income tax not yet settled as of reporting date but which are normally settled within the next financial year.

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**NOTE 12 - NOTES PAYABLE**

The Landbank of the Philippines – Negros Lending Center extended to the Company several term loans equivalent to a credit line facility amounting to **₱500,000,000** to finance the construction of the hospital structure and the acquisition of various medical equipments, hospital furniture and fixtures.

The foregoing credit line facility consists of a term loan 1 the availment which was granted in 2015 amounting to **₱400,000,000** for financing the hospital building. The term loan 2 availment amounting to **₱100,000,000** was for the acquisition of medical equipments and hospital furniture.

The loan was availed in several drawdowns, payable ranging from 7 to 10 years in ladderized quarterly amortizations, including a grace periods ranging from 1 to 3 years for principal amortization. Interest rate is at floating rate of 5% per annum with a fixed rate of 6% per annum.

On December 18, 2019, the Company obtained a short-term loan facility amounting to **₱50,000,000** to augment the working capital requirement of the hospital operations payable in lump sum upon maturity. Interest on loan is at Landbank's prevailing interest rate at the time of availment and subject to quarterly repricing.

The loan is secured by a real estate mortgage on the Company's land including all other existing and future improvements thereon (Note 10) as well as a chattel mortgage on various medical machineries and equipment.

Notes payable as at December 31 is classified as follows:

	<b>2021</b>	2020
Notes payable - current portion	<b>106,666,666</b>	111,841,009
Notes payable - noncurrent portion	<b>374,500,000</b>	404,825,657
At end of year	<b>481,166,666</b>	516,666,666

Breakdown of the notes payable is as follows:

	<b>2021</b>	2020
Construction of hospital building	<b>352,000,000</b>	382,000,000
Medical equipments and hospital furniture	<b>79,166,666</b>	91,666,666
Working capital requirement	<b>50,000,000</b>	43,000,000
	<b>481,166,666</b>	516,666,666

Total finance costs incurred as at December 31 consists of:

	<b>2021</b>	2020	2019
Construction of hospital building	<b>22,313,425</b>	21,746,466	21,324,822
Medical equipments and hospital furnitures	<b>5,213,699</b>	5,545,205	5,226,666
Working capital requirement	<b>3,612,174</b>	2,056,154	27,778
	<b>31,139,297</b>	29,347,825	26,579,266

In 2021 and 2020, finance costs pertaining to the notes payable were charged to profit and loss. In 2019, finance costs related to the construction of the hospital building were capitalized to building construction.

## NOTE 13 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals which are considered related parties. The following were carried out with related parties as at December 31, 2021 and 2020:

Category	Outstanding Balance 2020	Amount of Transactions 2021	Outstanding Balance 2021	Terms	Conditions
<b>Advances from shareholders:</b>					
Non-interest-bearing Advances from shareholders	24,555,954	(23,656,500)	899,454	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest bearing Advances from shareholders	22,200,000	(4,000,000)	18,200,000	Interest-bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	46,755,954	(27,656,500)	19,099,454		

Category	Outstanding Balance 2019	Amount of Transactions 2020	Outstanding Balance 2020	Terms	Conditions
<b>Advances from shareholders:</b>					
Non-interest-bearing Advances from shareholders	107,360,954	(82,805,000)	24,555,954	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest bearing Advances from shareholders	17,792,145	4,407,855	22,200,000	Interest-bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	125,153,099	(78,397,145)	46,755,954		

### (a) Non-interest-bearing Advances from shareholders

In the special meeting of the Board of Directors and shareholders held last May 7, 2017, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development of its medical structures and appurtenances.

In view of this, the shareholders advanced the monies in support of the Company's building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board of Directors may decide to convert said advances to equity in the distant future. The Company, however, also reserves the right to defer settlement of the advances and prioritize completion of the hospital building.

### (b) Interest-bearing Advances from shareholders

On June 3, 2019, the Company acquired an unsecured interest-bearing advances from the shareholders at 12% per annum which was primarily used by the Company to support the working capital requirement during the start of its operation. The Company, however, reserves the right to defer settlement in favor of the advances prioritizing payments relative to hospital construction.

Total finance costs on these loans amounted to ₱2,682,430, 1,237,605 and ₱1,213,765 in 2021, 2020 and 2019, respectively.

Key Management Personnel Compensation

Key management compensation amounted to ₱36,260,000 and ₱30,360,000 for the years ended December 31, 2021 and 2020, respectively. These amounts are incorporated in the salaries and allowances under direct costs account in the financial statements.

In 2019, only per diem and plane fare allowance per meetings were given as per Board Resolutions dated September 6, 2015 (see Note 18).

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**NOTE 14 - SHARE CAPITAL**

Details of share capital as at December 31, 2021 is as follows:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founders' shares	600	600,000
Common shares	239,400	239,400,000
<b>Total authorized share capital</b>	<b>240,000</b>	<b>240,000,000</b>
Subscribed share capital:		
Founders' shares	600	600,000
Common shares	164,820	164,820,000
<b>Total subscribed share capital</b>	<b>165,420</b>	<b>165,420,000</b>
Paid-up share capital:		
Founders' shares	600	600,000
Common shares	164,820	164,820,000
<b>Total paid-up share capital</b>	<b>165,420</b>	<b>165,420,000</b>

Details of share capital as at December 31, 2020 is as follows:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founders' shares	600	600,000
Common shares	239,400	239,400,000
<b>Total authorized share capital</b>	<b>240,000</b>	<b>240,000,000</b>
Subscribed share capital:		
Founders' shares	600	600,000
Common shares	160,760	160,760,000
<b>Total subscribed share capital</b>	<b>161,360</b>	<b>161,360,000</b>
Paid-up share capital:		
Founders' shares	600	600,000
Common shares	160,760	160,760,000
<b>Total paid-up share capital</b>	<b>161,360</b>	<b>161,360,000</b>

As at December 31, 2021, pursuant to the SEC's approval of the Company's registration statement of its public offering of its shares of stock, the Company issued a total of **FIFTEEN THOUSAND**

**FOUR HUNDRED TWENTY (15,420)** common shares. The related share premium arising thereof, after deducting transaction costs associated with the issuance of shares amounted to ₱313,280,000. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one (1) block is equivalent to ten (10) common shares].

As at December 31, 2021, 2020 and 2019, the Company has fifty-three (53) shareholders, each owning 100 or more shares of the Company's shares of stock. Founders' shares however, have the exclusive right to vote and be voted upon in 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.

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**NOTE 15 - REVENUES, net**

The Company opened its Out-Patient and In-Patient services to the public on March 28, 2019 and July 19, 2019, respectively.

Revenues earned for the year ended are as follows:

	<b>2021</b>	2020	2019
Hospital fees	<b>371,648,715</b>	231,403,717	83,457,161
Sale of drugs and medicines	<b>111,327,957</b>	60,662,264	19,739,211
Laboratory fees	<b>91,203,067</b>	43,027,282	15,098,662
	<b>574,179,739</b>	335,093,263	118,295,034
Less: Discounts and allowances	<b>(65,245,384)</b>	(40,341,455)	(9,997,914)
<b>Net Revenues</b>	<b>508,934,355</b>	294,751,808	108,297,120

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**NOTE 16 - DIRECT COSTS**

This account consists of the following:

	<b>2021</b>	2020	2019
Supplies/consumables:			
Sale of drugs and medicines	<b>68,452,670</b>	35,326,517	14,567,466
Hospital fees	<b>47,172,927</b>	34,778,959	7,421,448
Laboratory fees	<b>33,800,424</b>	1,688,725	6,058,574
	<b>149,426,021</b>	71,794,201	28,047,488
Salaries and allowances	<b>89,479,477</b>	76,982,017	19,147,593
Professional fees	<b>79,135,177</b>	59,051,504	19,875,495
Depreciation (Note 10)	<b>58,173,191</b>	37,366,752	24,372,824
Communications, light and water	<b>9,618,963</b>	7,284,900	5,601,227
SSS, HDMF and PHIC contributions	<b>3,850,489</b>	3,909,374	1,477,440
Miscellaneous <sup>1)</sup>	<b>4,456,279</b>	-	-
	<b>394,139,597</b>	256,388,748	98,522,067

<sup>1)</sup>Miscellaneous expenses include cost of non-chargeable medical supplies and consumables used by medical staff and housekeeping supplies used in the medical wards and other medical facilities in the hospital.

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**NOTE 17 - OTHER INCOME**

This account consists of the following:

	2021	2020	2019
Interest income (Note 6)	27,312	35,177	12,722
Other income	–	42,000	–
	<b>27,312</b>	<b>77,177</b>	<b>12,722</b>

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**NOTE 18 - GENERAL AND ADMINISTRATIVE EXPENSES**

This account consists of the following:

	<i>Notes</i>	2021	2020	2019
Salaries and allowances		14,825,190	12,385,636	7,593,692
Depreciation	10	14,822,959	9,523,030	6,589,283
Janitorial and housekeeping services		4,692,185	6,566,039	2,511,746
Supplies/consumables		4,246,220	5,802,699	3,931,900
Communication, light and water		4,122,413	4,035,470	2,400,526
Board meetings and meals	13	3,672,500	1,051,690	837,663
Security services		2,349,196	2,420,060	1,064,949
Repairs and maintenance		1,998,647	279,990	873,893
SSS, PHIC and HDMF contributions		1,650,210	1,214,198	677,285
Advertising and promotion		1,342,967	1,305,831	12,500
Taxes and licenses		1,230,697	2,317,747	883,279
Insurance expense		1,036,393	1,087,448	–
Professional fees		589,545	604,320	271,667
Laundry expense		487,026	400,651	425,914
Fuel and oil		414,106	266,677	92,450
Rental		249,716	62,800	106,447
Medical uniforms		234,653	204,452	421,147
Clothing and sewing		232,897	403,154	2,073,147
Employee training and seminars		120,820	79,767	1,080,108
Transportation and travel	13	111,408	125,661	1,204,551
Freight and handling cost		109,506	37,303	690,686
Fines and penalties		71,000	97,241	8,000
Amortization		20,000	–	–
Miscellaneous expenses		1,139,092	646,619	1,489,518
		<b>59,769,346</b>	<b>50,918,483</b>	<b>35,240,351</b>

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## NOTE 19 - INCOME TAX

Computation of income tax due (RCIT or MCIT, whichever is higher) is as follows:

<b>I. Regular Corporate Income tax (RCIT)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net income (loss) before income tax	<b>21,230,997</b>	(43,063,676)	(31,920,785)
Add (Deduct) reconciling items:			
Fines and penalties (Note 18)	<b>71,000</b>	97,241	8,000
Interest expense arbitrage	<b>6,828</b>	14,511	5,248
Interest expense paid to shareholders (Note 13)	<b>2,682,430</b>	1,237,605	1,213,765
Interest income subjected to final tax (Note 6)	<b>(27,312)</b>	(35,177)	(12,722)
Net taxable income (loss)	<b>23,963,943</b>	(41,749,496)	(30,706,494)
Application of NOLCO	<b>(23,963,943)</b>	–	–
<b>Net taxable loss after NOLCO</b>	–	(41,749,496)	(30,706,494)
Tax rate	<b>25%</b>	30%	30%
<b>RCIT</b>	–	-NIL-	-NIL-
<b>II. Minimum Corporate Income tax (MCIT)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Gross income	<b>114,822,070</b>	38,440,237	9,787,775
Deduct reconciling items:			
Interest income subjected to final tax (Note 6)	<b>(27,312)</b>	(35,177)	(12,722)
Taxable gross income	<b>114,794,758</b>	38,405,060	9,775,053
Tax rate	<b>1%</b>	2%	2%
<b>MCIT</b>	<b>1,147,948</b>	768,101	195,501
<b>III. Tax Due (RCIT or MCIT whichever is higher)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
MCIT	<b>1,147,948</b>	768,101	195,501
Less: Tax credits or payments			
Quarterly income tax payments (1 <sup>st</sup> -3 <sup>rd</sup> quarter)	–	–	–
Creditable withholding tax (1 <sup>st</sup> - 3 <sup>rd</sup> quarter)	–	–	–
Creditable withholding tax (4 <sup>th</sup> quarter)	<b>(67,288)</b>	–	–
<b>Income tax payable</b>	<b>1,080,660</b>	768,101	195,501

### CREATE ACT

On March 26, 2021, Republic Act No. 11534, otherwise known as “The Corporate Recovery and Tax Incentives for Enterprises Act” 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.

The following are the key features of the CREATE Law that are relative to the Company:

#### **A. Corporate Income Tax (CIT)**

- Starting July 1, 2020, CIT rate for corporations will be reduced as follows:
  - Reduced CIT rate of 20% shall be applicable to domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100 Million (excluding land on which the business entity’s office, plant and equipment are situated).
  - Reduced CIT rate of 25% shall be applicable to all other domestic and resident foreign corporations.

2. For the period beginning July 1, 2020 until June 30, 2023, minimum corporate income tax rate shall be 1%, instead of 2%.
3. Improperly accumulated earnings tax is repealed.
4. The option to be taxed at 15% of gross income if allowed by the President subject to certain conditions is repealed.
5. Enhanced deduction in claiming NOLCO for the years 2020 and 2021 from three (3) to five (5) years.

#### **B. Deductions from Gross Income**

Due to the proposed reduction in CIT rate, interest arbitrage shall be reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

#### **C. VAT Exempt Transactions**

1. Additional VAT exempt on sale or importation of the following goods from January 1, 2021 to December 31, 2023:
  - a. Capital equipment, its spare parts and raw materials, necessary to produce personal protective equipment component;
  - b. all drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19;
  - c. drugs, including raw materials, for the treatment of COVID-19 approved by the FDA for use in clinical trials
2. VAT exemption of sale or importation of prescription drugs and medicines for cancer, mental illness, tuberculosis, and kidney diseases will start on January 1, 2021 instead of January 1, 2023.

Presented below is a summary of the impact of the provisions on the Company's financial statements as at December 31, 2021:

	<b>Deferred Tax Assets – MCIT</b>	<b>NOLCO</b>
Amount reflected on the 2020 FS	768,101	41,749,496
Amount computed based on RA 11534	576,076	41,752,354
<b>Effect of Create Law</b>	<b>(192,025)</b>	<b>2,858</b>

#### **IV. Deferred Tax Asset**

As at December 31, 2021, the Company's NOLCO that can be claimed as deduction from future taxable income are as follows:

<b>Year incurred</b>	<b>Expiration date</b>	<b>At beginning of year</b>	<b>Additions</b>	<b>Expired</b>	<b>Claimed</b>	<b>At end of year</b>
2018	2021	17,397,285	–	–	(17,397,285)	–
2019	2022	30,706,494	–	–	(6,566,658)	24,139,836
		<b>48,103,779</b>	<b>–</b>	<b>–</b>	<b>(23,963,943)</b>	<b>24,139,836</b>

On September 30, 2020, Finance Secretary Carlos Dominguez and Internal Revenue Commissioner Caesar Dulay signed Revenue Regulation 25-2020, implementing Section 4 of the Bayanihan to Recover as One or Bayanihan 2 Act, particularly on the NOLCO of companies. The Bureau of Internal Revenue (BIR) has extended to five years the carry-over period for net operating losses incurred by businesses in 2020 and 2021 due to the impact of the coronavirus pandemic.

Year incurred	Expiration date	At beginning of year	Additions	Expired	Claimed	At end of year
2020	2025	41,749,496	–	–	–	41,749,496
Effect of CREATE Law		2,858	–	–	–	2,858
		<b>41,752,354</b>	–	–	–	<b>41,752,354</b>

The Company has excess MCIT which can be claimed as tax credits against future income tax payable as follows:

Year incurred	Expiration date	At beginning of year	Additions	Expired	Claimed	At end of year
2019	2022	195,501	–	–	–	195,501
2020	2023	768,101	–	–	–	768,101
2021	2024	–	1,147,948	–	–	1,147,948
		<b>963,602</b>	<b>1,147,948</b>	–	–	<b>2,111,550</b>
Effect of CREATE Law		(192,025)	–	–	–	(192,025)
		<b>771,577</b>	<b>1,147,948</b>	–	–	<b>1,919,525</b>

The significant component of the Company's deferred tax assets are as follows:

	2021	2020	2019
Net operating loss carry over (NOLCO)	<b>65,892,190</b>	89,853,275	52,162,642
Tax rate	<b>25%</b>	30%	30%
	<b>16,473,047</b>	26,955,983	15,648,793
MCIT	<b>1,919,525</b>	963,602	195,501
	<b>18,392,572</b>	27,919,585	15,844,294
Valuation allowance	<b>(16,473,047)</b>	(26,955,983)	(15,648,793)
Deferred tax assets	<b>1,919,525</b>	963,602	195,501

The Company's deferred tax assets arises from excess MCIT from the current and prior year's that can be charged against income of the next three taxable years and is presented in the statements of financial position.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since management believes that the Company will not be able to generate future taxable income in which such can be applied. The deferred tax asset of the Company arising from net operating loss carry over (NOLCO) prior to 2020 can be charged against future taxable income of the next three (3) years. On the other hand, deferred tax assets arising from NOLCO for the years 2020 and 2021 can be charged against future taxable income of the next five (5) taxable years.

## NOTE 20 - BASIC EARNINGS (LOSS) PER SHARE

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

	2021	2020	2019
Loss attributable to ordinary shares	<b>21,230,997</b>	(43,063,676)	(31,920,785)
Divided by: Weighted average number of ordinary shares outstanding	<b>165,420</b>	161,360	156,640
Basic earnings (loss) per share	<b>128.35</b>	(266.88)	(203.78)

There are no potential dilutive ordinary shares outstanding as at December 31, 2021, 2020 and 2019.

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## NOTE 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### **Financial Risk**

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, and interest rate risk to its financial assets and financial liabilities.

The Company's principal financial assets and financial liabilities consist of cash (excluding cash on hand), accounts and other receivables, accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders which arise from operations.

The Company's Board of Directors reviews and approves the policies for managing each of these risks and these are summarized below:

#### ***Credit risk***

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

The Company's financial assets at amortized cost are composed of cash (excluding cash on hand) and accounts and other receivables. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

Accounts and other receivables are being monitored on a regular basis to ensure timely execution of necessary intervention efforts to minimize credit losses.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

<b>As at December 31, 2021</b>				
<b>Financial assets at amortized cost</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL – not credit impaired</b>	<b>Lifetime ECL – credit impaired</b>	<b>Total</b>
<b>Cash in banks</b>	<b>35,426,206</b>	–	–	<b>35,426,206</b>
<b>Accounts and other receivables</b>	<b>115,509,513</b>	–	–	<b>115,509,513</b>
	<b>150,935,719</b>	–	–	<b>150,935,719</b>

<b>As at December 31, 2020</b>				
<b>Financial assets at amortized cost</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL – not credit impaired</b>	<b>Lifetime ECL – credit impaired</b>	<b>Total</b>
Cash in banks	16,115,242	–	–	16,115,242
Accounts and other receivables	31,285,309	–	–	31,285,309
	47,400,551	–	–	47,400,551

### ***Interest Rate Risk***

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The primary source of the Company's interest rate risk relates to its cash in banks, notes payable and interest-bearing advances from shareholders (Notes 6, 12 and 13).

Cash in banks are subject to prevailing market interest rates. Considering that such financial assets have short-term maturities, the Company does not foresee any cash flow and fair value interest rate risks to have a significant impact on the Company's operations.

Likewise, notes payable and interest-bearing advances from shareholders are subject to prevailing market interest rates. As such, these are subject to fluctuations in market interest rates for a given period.

The Company has no established policy in managing interest rate risk. Any favorable or unfavorable effect of the fluctuations on the interest rates are absorbed by the Company. The effect of such is presented in the Company's financial performance.

### ***Liquidity Risk***

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on contractual and undiscounted payments:

As at December 31, 2021

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Assets:</b>					
Cash*	35,426,206	–	–	–	35,426,206
Accounts and other receivables	115,509,513	–	–	–	115,509,513
	<b>150,935,719</b>	–	–	–	<b>150,935,719</b>

\*Excluding cash on hand amounting to ₱872,674 as at December 31, 2021.

<b>Financial Liabilities:</b>					
Accounts payable and other liabilities**	93,597,407	–	–	–	93,597,407
Notes payable	–	102,500,000	378,666,666	–	481,166,666
Advances from shareholders	19,099,454	–	–	–	19,099,454
	<b>112,696,861</b>	<b>102,500,000</b>	<b>378,666,666</b>	–	<b>593,863,527</b>

\*\*Excluding government liabilities amounting to ₱1,525,705 as at December 31, 2021.

As at December 31, 2020

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Assets:</b>					
Cash*	16,115,242	–	–	–	16,115,242
Accounts and other receivables	31,285,309	–	–	–	31,285,309
	47,400,551	–	–	–	47,400,551

\*Excluding cash on hand amounting to ₱1,889,733 as at December 31, 2020.

<b>Financial Liabilities:</b>					
Accounts payable and other liabilities**	88,810,149	–	–	–	88,810,149
Notes payable	–	85,000,000	399,333,333	32,333,333	516,666,666
Advances from shareholders	46,755,954	–	–	–	46,755,954
	<b>135,566,103</b>	<b>85,000,000</b>	<b>399,333,333</b>	<b>32,333,333</b>	<b>652,232,769</b>

\*\*Excluding government liabilities amounting to ₱1,568,606 as at December 31, 2020.

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## NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

### FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities are presented below:

	As at December 31, 2021		As at December 31, 2020	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets:</b>				
Cash*	35,426,206	35,426,206	16,115,242	16,115,242
Accounts and other receivables	115,509,513	115,509,513	31,285,309	31,285,309
	<b>150,935,719</b>	<b>150,935,719</b>	47,400,551	47,400,551
<b>Financial Liabilities:</b>				
Accounts payable and other liabilities**	93,597,407	93,597,407	88,810,149	88,810,149
Notes payable	481,166,666	481,166,666	516,666,666	516,666,666
Advances from shareholders	19,099,454	19,099,454	46,755,954	46,755,954
	<b>593,863,527</b>	<b>593,863,527</b>	652,232,769	652,232,769

\*Excluding cash on hand amounting to ₱872,674 and ₱1,889,733 as at December 31, 2021 and 2020, respectively.

\*\*Excluding government liabilities amounting to ₱1,525,705 and ₱1,568,606 as at December 31, 2021 and 2020, respectively.

### Assumption Used to Estimate Fair Values

The carrying amounts of cash, Accounts and other receivables and accounts payable and other liabilities approximate their fair values as at reporting dates due to the short-term nature of the transactions.

The carrying amount of notes payable approximates its fair value due to pre-determined contractual cash flow arrangements based on an applicable and regular re-priceable Philippine Dealing System Treasury (PDST) floating rate covering the term of the loan, as provided by the financial lending institution.

The fair value of advances from shareholders cannot be measured reliably since there was no comparable market data and inputs for the sources of fair value such as discounted cash flows analysis. However, Management believes that their carrying amounts approximate their fair value.

### Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable for the asset or liability

The table below summarizes the classification of the Company's financial assets and liabilities based on the fair value measurement hierarchy:

As at December 31, 2021			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	35,426,206	–	–
Accounts and other receivables	–	115,509,513	–
	<b>35,426,206</b>	<b>115,509,513</b>	–

\*Excluding cash on hand amounting to ₱872,674 as at December 31, 2021.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities**	–	93,597,407	–
Notes payable	–	481,166,666	–
Advances from shareholders	–	19,099,454	–
	–	<b>593,863,527</b>	–

\*\*Excluding government liabilities amounting to ₱1,525,705 as at December 31, 2021.

As at December 31, 2020			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	16,115,242	–	–
Receivables	–	31,285,309	–
	<b>16,115,242</b>	<b>31,285,309</b>	–

\*Excluding cash on hand amounting to ₱1,889,733 as at December 31, 2020.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities**	–	88,810,149	–
Notes payable	–	516,666,666	–
Advances from shareholders	–	46,755,954	–
	–	<b>652,232,769</b>	–

\*\*Excluding government liabilities amounting to ₱1,568,606 as at December 31, 2020.

There were no reclassifications made between the different fair value hierarchy level as at December 31, 2021 and 2020.

## CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholders value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

The following table pertains to the account balances the Company considers as its core economic capital:

	2021	2020
Share capital	<b>165,420,000</b>	161,360,000
Share premium	<b>313,280,000</b>	215,840,000
Deficit	<b>(77,552,912)</b>	(98,783,910)
	<b>401,147,088</b>	278,416,090

The loan agreement with Landbank (Note 12) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 75:25), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting date, all covenants and requirements are complied with.

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#### **NOTE 23 - IMPACT OF CORONAVIRUS (COVID-19) UPDATE**

The full impact of the lingering COVID-19 outbreak remains as a formidable threat to the normal stability of the Company and may, at times, impose operational compromises which negatively influences the industry workforce and the logistical chain. In response to such evolving challenges, as well as combat any impending surges, the Company has adopted certain measures (like hybrid work arrangements, office pre-testing and spacing procedures, including virtual communication instructions & practices) to strike a balance between its calculated business activities and the mandatory health protocols.

The Management believed that the foregoing current circumstances of the prevailing effect on the Company's financial standing or status indicates neither a material impact that would affect its financial condition and operational results, nor that uncertainties exist related to going concern, that may be applicable to the Company.

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#### **NOTE 24 - APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company as at and for the year ended December 31, 2021, including its comparatives figures as at 2020 and for the years ended 2020 and 2019, were approved and authorized for issuance by the Board of Directors on April 14, 2022.

## **SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS (RR)**

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### ***Revenue Regulations (RR) 15-2010***

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS, is presented as follows:

#### **Value-Added Tax**

Hospitals and clinics are exempt from VAT by virtue of Section 109 of the National Internal Revenue Code.

#### **Output Value-Added Tax**

		<b>2021</b>	
		<b>Rate</b>	<b>Output VAT</b>
Vatable sales	14,184,774	12%	1,702,173
Exempt sales	17,342,407	–	–
	<b>31,527,181</b>		<b>1,702,173</b>

#### **Input Value-Added Tax**

	<b>2021</b>
At beginning of year	<b>35,086,108</b>
Current purchases:	
Domestic purchase other than capital goods	<b>11,330,032</b>
Domestic purchase of services	<b>993,392</b>
Purchases not qualified for input tax	<b>1,856,612</b>
Total	<b>49,266,143</b>
Less: Purchases not qualified for input tax	<b>(1,856,612)</b>
	<b>47,409,531</b>

	<b>2021</b>
Output VAT	<b>1,702,173</b>
Less: Input VAT	<b>(47,409,531)</b>
	<b>(45,707,359)</b>
Capitalized VAT	<b>109,741</b>
Excess input VAT	<b>(45,597,618)</b>

#### **Documentary Stamp Tax**

The Company has paid ₱366,814 documentary stamp tax for the year ended December 31, 2021 which is related to additional credit facilities and renewal of short-term loans.

## **Taxes and licenses**

Details of the Company's other local and national taxes for the year are as follows:

	<b>2021</b>
Real property tax	<b>448,688</b>
Documentary stamp tax	<b>366,814</b>
Mayor's permit, Occupancy permit	<b>366,839</b>
Permits for hospital operations	<b>47,856</b>
Annual BIR registration fee	<b>500</b>
	<b>1,230,697</b>

## **Withholding Taxes**

Withholding taxes paid by the Company for the year are as follows:

	<b>2021</b>
Expanded withholding tax	<b>7,457,365</b>
Withholding tax on compensation	<b>118,788</b>
	<b>7,576,153</b>

## **Deficiency Tax Assessment and Tax Cases**

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in court or bodies outside the Bureau of Internal Revenue as of December 31, 2021.

### ***RR 19-2020 and RR 34-2020***

In 2020, the Bureau of Internal Revenue (BIR) issued the foregoing Revenue Regulations for the effective implementation of Philippine Accounting Standard No. 24 (PAS 24) governing the guidelines and procedures for "transfer pricing documentations" involving related party transactions thru the submission of BIR Form No. 1709 and the supporting documents, as an attachment to the financial statements to be filed with the BIR.

The Company does not meet the criteria provided by these Revenue Regulations and, accordingly, not required to submit BIR Form 1709.

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