

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: **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 12, 2021**

Time : **8:00 a. m.**

Place : **Via Zoom Webinar**

F. Cimafranca St., Daro, Dumaguete City

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
July 30, 2021

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

Common Shares

Number of Shares of Common Stock Outstanding

As of May 31, 2021 – 160,760 shares; P160,760,000

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 12, 2021**

Time : **8:00 a. m.**

Place : **Via Zoom Webinar**

F. Cimafranca St., Daro, Dumaguete City

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, 2021**.

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, 2021**:

	Shares Outstanding	No. of Vote Each Share Is Entitled
Common Shares:		
Filipino	160,760	One (1) vote per share
Foreign	-	One (1) vote per share
Total	160,760	

(b) Record Date:

All stockholders of record as of July 23, 2021, 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, 2021

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, 2021, are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Founder	Enriquez, Michael Edward R., 73 West Avenue, Quezon City	Enriquez, Amado Manuel Jr. C./Father	Filipino	19,920 (common shares) 80 (founder shares)	12.39%
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, 2021:

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
BOARD OF DIRECTORS					
Enriquez, Amado Manuel Jr. C.	12,500,000	7,500,000	Filipino	19,920 (common shares) 80 (founder shares)	12.39%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.10%
Tan, Robert H.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.10%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	4.65%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Apla-on, Daryl M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
De Leon, Roberto M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Domingo, Carmelo Jr.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Singco, Agelo Michael A.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Olegario, Lynn L.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Vera Cruz, Maria Carmelita	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Buenaventura, Marilou	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Arroyo, Nestor Jogie	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
De Castro, Felicisimo D.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Alcala, Angelo L.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
EXECUTIVE OFFICERS					
Enriquez, Amado Manuel Jr. C.	12,500,000	7,500,000	Filipino	19,920 (common shares) 80 (founder shares)	12.39%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.10%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	4.65%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
Apla-on, Daryl M.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.55%
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. 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 – Independent Director
14. De Castro, Felicisimo – Independent Director
15. Alcala, Angelo L. – Independent Director

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

Nominees for Election as Members of the Board of Directors

1. Jonathan Amante
2. Roy Diamond Arco
3. Robert Tan
4. Jennifer Emperado
5. Glenda Nuico
6. Brenda Diputado
7. Carlos De La Rosa
8. Amado Manuel Enriquez Jr.
9. Geanie Cerna- Lopez
10. Roberto De Leon
11. Marietta Samoy
12. Generoso Orillaza
13. Rolando Regalado – Independent Director
14. Ronald Ramiro – Independent Director
15. Bernie Orhel – 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 Rolando Regalado, Ronald Ramiro, and Bernie Orhel, were nominated by Geanie Cerna-Lopez, Robert Tan and Aejeleth Eyas, respectively. The nominees are not related to their respective nominating stockholder and were pre-screened by the Nominations Committee, composed of Geanie Cerna-Lopez (Chairman), Felicisimo De Castro (Independent Director), Aejeleth B. Eyas, Maria Carmelita Vera Cruz, Carmelo Domingo Jr., Michael Edward Enriquez and Silahis Rosario

The Company’s key executive officers as of May 31, 2021 are as follows:

Jonathan C. Amante	- President
Geanie Cerna-Lopez	- Vice President
Daryl M. Apla-on	- Corporate Treasurer
Aideline Sison	- Assistant Treasurer
Aejeleth B. Eyas	- Corporate Secretary
Marietta Samoy	- 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, 2020 and 2019:

Category	Advances from shareholders 2019	Amount of Transactions 2020	Advances from shareholders 2020	Terms	Conditions
Advances from shareholders					
Non-interest-Bearing	107,360,954	(82,805,000)	24,555,954	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	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 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 ₱1,237,605 and ₱1,213,765 in 2020 and 2019, respectively.

Family Relationships

There are no family relationships up to the fourth civil degree either by 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, 2021, 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 have already filed their Answer to the Complaint. However, the complaint for Manila based Doctors are yet to be served. We filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. Awaiting the Court's decision.

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. The case was scheduled for Pre-Trial on April 30, 2021. 3. Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. Al vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., GeanieCerna-Lopez and Velma T. Chan 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). Respondents received the Court Order on 11 December 2018. 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.

SEC Case, Settlement Offer with the Securities and Exchange Commission

Doctors Enriquez, De Leon, Cerna-Lopez have been subject of an Order by the Securities and Exchange Commission relative to their directorship in ACE Medical Center-Cebu, Inc. for violation of Section 8.1 of the Securities Regulation Code.

The Company's Board of Directors made an offer of settlement pursuant to Section 55 of the SRC. The Board, through its President, Dra. Geanie Cerna-Lopez offered a compromise penalty equivalent to 50% of the total assessment amounting to ₱15,330,000.00. Since the offer was timely filed and no administrative/criminal cases have been instituted, the SEC granted a 30% reduction on the assessed penalty, plus a fine of ₱50,000.00 per Director of the Company. The penalty of ₱11,481,000.00 was imposed.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies and practices.

(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	2020	900,000	- 0 -	- 0 -
B. Jonathan C. Amante President	2020	900,000	- 0 -	- 0 -
C. Daryl M. Apla-on Corporate Treasurer	2020	600,000	- 0 -	- 0 -
D. Aejeleth B. Eyas Corporate Secretary	2020	600,000	- 0 -	- 0 -
E. Aggregate For The Above Named CEO & Officers	2021-estimate	3,000,000	- 0 -	- 0 -
	2020	3,000,000	- 0 -	- 0 -
	2019	- 0 -	- 0 -	- 0 -
F. Aggregate For The Officers And Directors As A Group	2021-estimate	4,800,000	- 0 -	- 0 -
	2020	4,800,000	- 0 -	- 0 -
	2019	- 0 -	- 0 -	- 0 -

- a. The directors receive per diem of P10,000.00/board meeting) during board 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 bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.
- 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 2021, 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 Angelo Alcala (chairman/Independent Director), Nestor Jogie Arroyo(Independent Director), Daryl Apla-on, Angelo

Michael Singco, Roberto De Leon, and Robert Tan, 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 2019. 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 2021.

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 2020- P235,200.00 (billed and paid in 2021)
For the year 2019- P224,000.00 (billed and paid in 2020)

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 October 1, 2020 Annual Stockholders' Meeting. The Minutes cover the following items:
 - A. Reading and Approval of the Minutes of the Y2019 Annual Stockholders' Meeting
 - B. Audited Financial Report 2019
 - C. President's Report
 - D. Election of the Board of Directors 2020-2021

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 2020.

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 Y2021-2022
3. Appointment of External Auditor for fiscal year ending 31 December 2021

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 Y2019 Annual Stockholders' Meeting
- III. Approval of the Y2019 Audited Financial Statement
- IV. President's Report
- V. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
- VI. Amendment of Section 8, Article II of By-laws of the Corporation
- VII. Election of the Board of Directors 2020-2021
- VIII. Appointment of External Auditor for the year 2020

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

Name of Nominee	Number of Votes
1. Enriquez, Amado Manuel Jr C.	90,000
2. Amante, Jonathan C.	90,000
3. Tan, Robert H.	90,000
4. Cerna-Lopez, Geanie	90,000
5. Eyas, Aejeleth B.	90,000
6. Apla-on, Daryl M.	90,000
7. De Leon, Roberto M.	90,000
8. Domingo, Carmelo Jr.	90,000
9. Singco, Angelo Michael A.	90,000
10. Olegario, Lynn L.	90,000
11. Vera Cruz, Maria Carmelita	90,000
12. Buenaventura, Marilou P.	90,000
13. Arroyo, Nestor Jogie – Independent Director	90,000
14. De Castro, Felicisimo – Independent Director	90,000
15. Alcala, Angelo L. – Independent Director	90,000

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, 2020- December 31, 2020)

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	5

of the company and the shareholders and all other stakeholders	
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.

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 **July __, 2021**.

ALLIED CARE EXPERTS(ACE) DUMAGUETE DOCTORS INC.

By:



AEJELETH B.EYAS
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
<p>Enriquez, Amado Manuel Jr. C.</p>	<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>
<p>Amante, Jonathan C.</p>	<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>
<p>Tan, Robert H.</p>	<p>Consultant, General Surgeon, Holy Child Hospital (1993-present); Consultant, General Surgeon, ACE Dumaguete Doctors Visiting Consultant, General Surgery Silliman University Medical Centre (1993 - present)</p>

Name	Business and Professional Work Experience
Cerna-Lopez, Geanie	President - Las Pinas City Medical Center, Medical Director- Unihealth Paranaque, Management Consultant - Medical Center Muntinlupa, Past President - Medical Center Muntinlupa (2016), Past Hospital Admin - UniHealth Paranaque Hospital (2016) and Las Pinas City Medical Center(2016); Past president Paranaque Doctors Hospital (2015)
Eyas, Aejeleth B.	Consultant, ACE Dumaguete Doctors and Silliman Medical Center Department of Pediatrics Member, Medical Records and Library Committee, SUMC Foundation Inc. Associate Professor, Silliman University Medical School (2012-2016)
Apla-on, Daryl M.	Consultant, ACE Dumaguete Doctors and Silliman Medical Center Department of Surgery Fellow, Philippine Orthopedics Association and Philippine College of Surgeons
De Leon, Roberto M.	Chairman, Unihealth-Baypointe Hospital & Medical Center, Inc. (Subic Bay Freeport Zone) 2017 President, Unihealth-Valenzuela Hospital & Medical Center (2017) Medical Director, YGEIA Medical Center Chairman, Dept. of Surgery, ACE Medical Center Valenzuela; Uni-Health Paranaque Hospital and Medical Center (2017)
Domingo, Carmelo Jr.	Graduated Medicine at Bicol Christian College of Medicine Training in Pediatrics at De La Salle University Medical Center Pediatric Consultant, Las Pinas Hospital
Singco, Angelo Michael A.	Member of Societies: International College of Surgeon, Phil Section, Fellow Philippine Academy of Medical Specialist, Inc., Diplomate Consultant, ACE Dumaguete Doctors Holy Child Hospital and SUMC Clinical Ass. Prof – Silliman University Medical School
Olegario, Lynn L.	Member of Societies: Phil. Academy of Rehabilitation Medicine Stroke Society of the Philippines Chairperson, Rehabilitative Medicine of ACE Dumaguete Doctors (2019-present) Consultant, ACE Dumaguete Doctors and SUMC
Vera Cruz, Maria Carmelita	Diplomate, Philippine Board of Anesthesiology Fellow, Philippine Society of Anesthesiology Chairperson, Department of Anesthesia (2019-present) Consultant, ACE Dumaguete Doctors and SUMC

Name	Business and Professional Work Experience
Buenaventura, Marilou P.	Graduated, University of the East College of Dentistry (1971) Professor, College of Dentistry, University of the East Hospital Affiliation- UERM Memorial Medical Center
Arroyo, Nestor Jogie	Diplomate, Philippine Board of Anesthesiology Member, Philippine Medical Association Las Pinas Medical Society Consultant Anesthesiologist : Muntinlupa – Paranaque – Las Pinas Holdings Inc. South Seed – LDPH College, Southville International School Alabang Medical Center Asian Eye Institute
De Castro, Felicisimo D.	Head, Dept. of Ophthalmology, ACE Medical Center-QC (2017); ACE-Baypointe Medical Center, Subic (2011-present); Unihealth Tagaytay Hospital & Medical Center, Tagaytay (2010-2013)
Alcala, Angelo L.	Medical Director, Las Pinas City Medical Center Deputy Administrator/Consultant, Metro Iloilo Hospital and Medical Center Director, ACE Baliwag Hospital and Medical Center; Chairman, Department of Medicine, Unihealth Paranaque Hospital and Medical Center Founding member and Consultant, UHBI- Paranaque Doctors Hospital Consultant Internal Medicine, Las Pinas Doctors Hospital; Perpetual Help Medical Center Las Pinas; New Sinai MDI Hospital; Medical Center Muntinlupa

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 and 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
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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, 2021, is 350. The breakdown is as follows:

	CBA	Non-CBA	Total
Rank and File	324	–	324
Supervisors	–	17	17
Managers and Top Management	–	9	9
Total	324	26	350

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	
	2019	2020	2021	2019	2020	2021	2019	2020	2019	2020
High	N/A	200,000	200,000	N/A	200,000	200,000	200,000	200,000	200,000	200,000
Low	N/A	200,000	200,000	N/A	200,000	200,000	200,000	200,000	200,000	200,000

The price as of December 29, 2020 (latest practicable trading date) is P200,000.

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

There are approximately 1,088 holders of common and founders shares of the Company as of May 31, 2021. Trading of Company's shares is sporadic.

Please refer to Annex "C" for the list of top 20 stockholders as of May 31, 2021.

No dividends were declared in 2020, 2019 and 2018.

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

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

1st Quarter (March 31, 2021)

The following table shows the consolidated financial highlights of the Company for the three months ended March 31, 2021 and 2020:

Income Statement Data	For the three months ended March 31,	
	2021	2020
Total Revenues	81,920,470	66,470,197
Gross Profit	24,629,370	31,089,846
Operating Income (Loss)	(4,570,515)	(10,049,817)
Net Income (Loss)	(12,035,824)	(17,411,247)

Revenues in 2021 increased as a result of high COVID census. In the first quarter of 2020, the COVID19 pandemic started that led the government to impose quarantine and lockdowns. Due to this, patient census decreased especially pediatric patients. Net loss decreased in 2021 as a result of the strict monitoring of management of the expenses incurred and charging to patients.

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.

Material changes on line items in the financial statements are included in “Management’s Discussion and Analysis” below.

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

MATERIAL CHANGES IN FINANCIAL CONDITION

<i>From January 1, 2021 to March 31, 2021</i>	<i>From January 1, 2020 to December 31, 2020</i>	<i>From January 1, 2019 to December 31, 2019</i>
<p>a. Cash and cash equivalents decreased by P11.0M due to the net effect of the availment of short term loans, payment of interest on loans, additional advances from shareholders, cash receipts from operations and disbursement for the medical supplies.</p>	<p>a. Cash and cash equivalents increased by P1.2M Due to the net effect of the availment of short-term loans, payment of outstanding loans in the first quarter, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for payment to suppliers of hospital supplies.</p>	<p>a. Cash and cash equivalents decreased by P35.5M Due to the net effect of the availment of loans, payment of outstanding loans, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for the construction of the hospital and medical supplies.</p>
<p>b. Advances to suppliers and contractors increased by P1.3M The Company has made various advances/down payment to suppliers for medical equipment not yet received as of March 31, 2021.</p>	<p>b. Advances to suppliers and contractors increased by P0.9M The Company has made various advances/down payment to suppliers for medical equipment not yet received as of December 31, 2020.</p>	<p>b. Advances to suppliers and contractors decreased by P59.6M due to the receipt of equipment previously paid and 100% completion of the building. Almost all of the equipment was received in 2019 since operations started last March 2019.</p>
<p>c. Accounts and Other Receivables increased by P2.8M due to the increase in receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable from COVID 19 patients.</p>	<p>c. Accounts and Other Receivables increased by P9.9 due to the increase in receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable from COVID 19 patients.</p>	<p>c. Accounts and Other Receivables increased by P12.9 due to the increase in receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable. There were no receivables from operations in 2018 since the Company has not started operations yet.</p>

<p>d. Inventories increased by P0.5M Insignificant increase in inventories since management decided to maintain or decrease the level of the inventory by properly monitoring near expiry medicines, slow and fast moving inventory.</p>	<p>d. Inventories increased by P14.73M Is mainly due to the Company's decision to purchase various medicines than to consign them. In addition, the Company has purchased additional inventory due to the pandemic.</p>	<p>d. Inventories increased by P21.7M since the Company was in full operation 2019 compared in prior years. This pertains to medicines, medical supplies among others.</p>
<p>e. Property, plant and equipment decreased by P10.2M primarily due to the depreciation of the assets net of the acquisitions during the year</p>	<p>e. Property, plant and equipment decreased by P13.2M due to the net effect of the delivery of medical equipment and recognition of depreciation expense.</p>	<p>e. Property, plant and equipment increased by P645.8M due to the delivery of medical equipment and office equipment and fixtures and reclassification of construction in progress to Building</p>
<p>f. Construction in progress in 2021 and 2020 is nil</p>	<p>f. Construction in progress in 2020 and 2019 is nil</p>	<p>f. Construction in progress decreased by P475.1M since it was fully reclassified to Building since it is already used by the Company for its hospital operations and is already 100% completed in 2019.</p>
<p>g. Accounts payable and other Liabilities decreased by P5.2M as a result of the timely payment to suppliers.</p>	<p>g. Accounts payable and other Liabilities decreased by P3.2M as a result of the timely payment to suppliers.</p>	<p>g. Accounts payable and other Liabilities increased by P54.3M as a result of the purchases of medical supplies, medicines and other hospital supplies and accrued professional fees.</p>
<p>h. Notes payable -no Movement No payment of long term loan principal during the period.</p> <p>i. Advances from shareholders increased by P4.1M due to the additional advances made by the Company from its shareholders.</p>	<p>h. Notes payable increased by P54.33M as a result of the additional availment of a short term loan and availment of the remaining long term loan for the construction of hospital building</p> <p>i. Advances from shareholders decreased by P78.40M due to the payment to shareholders during the ear</p>	<p>h. Notes payable increased by P51.2M as a result of the availment of a short term loan in 2019</p> <p>i. Advances from shareholders decreased by P95.1M due to the payment to shareholders during the year</p>

Key Performance Indicators

	Mar. 31 2021	Dec. 31, 2020	Dec. 31, 2019
a. CURRENT RATIO = Current assets / Current liabilities	0.44	0.45	0.55
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 2021 decreased as net result of the increase in accounts receivable and payable..			
b. DEBT TO EQUITY RATIO = Debt / Equity	2.45	2.36	3.00
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 2021 increased as a net effect of the payment of payables and net loss incurred during the period.			
c. DEBT TO TOTAL ASSET RATIO = Debt / Asset	0.71	0.71	0.75
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 2021 has retained at 0.71.			
d. ASSET TO EQUITY RATIO = Assets / Equity	3.45	3.36	4.00
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 2021 increased due to the net loss incurred during the period, decrease in cash and fixed assets.			
e. PROFIT MARGIN	(0.15)	(0.26)	(0.29)
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.			

Financial Position

Balance Sheet Items – March 31, 2021 compared to December 31, 2020

Cash increased in 2021 due to the net effect of the availment of short-term loans, payment of outstanding loans in the first quarter, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for payment to suppliers of hospital supplies.

Advances to suppliers increased during the period. The Company has made various advances/down payment to suppliers for medical equipment not yet received as of December 31, 2021. Additional advances to suppliers also pertain to unliquidated down payment for the purchase of various medical supplies.

Accounts and other receivables increased due to the receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable.

Inventories increased slightly during the period since the Company is already purchasing medicines instead of buying thru consignment basis..

Property and equipment decreased during the period which was mainly due to depreciation expense. There were only minimal purchases of equipment during the year.

Accounts payable and other liabilities decreased during the period as a result of the on-time payment to suppliers compared in 2021.

Advances from shareholders increased due to the availment of additional advances from shareholders during the period.

Deficit increased due to the net loss in the first quarter of 2021

Income Statement – March 31, 2021 compared to 2020

Revenues significantly increased in 2021. This is mainly due to the pandemic. Patient census in the first quarter of 2021 increased compared to that of 2020.

Direct Costs increased in 2021 as a direct result of the increase in revenues of the Company. Salaries, professional fees, depreciation as well as supplies for operations increased during the year.

General and administrative expenses decreased in 2021 as a direct result of the operations of the Company. Majority of the increase is attributable to the decrease in salaries and allowances since in 2020, the medical department had overtime due to the pandemic and lack of nurses in the hospital

Full Fiscal Years

The following table shows the financial highlights of the Company for the years then ended December 31, 2020, 2019 and 2018:

	<i>As of December 31</i>		
	2020	2019	2018
Income Statement Data			
Total Revenues	294,751,808	108,297,120	–
Gross Profit	38,440,237	9,775,053	–
Operating Income (Loss)	(12,478,246)	(25,452,576)	(17,129,740)
Net Income (Loss)	(43,063,676)	(31,920,785)	(17,360,535)

There were no revenues generated last 2018. The Company started its hospital operations, specifically out-patient department last March 2019. Out-patient operations include laboratory and radiology tests, ECG, EEG, 2D Echo, Bone Densitometry and Doctor's clinic consultations. On July 2019, the in-patient operations started. The hospital has a 100 bed capacity. Revenue in 2020 significantly increased since income was already generated for 12 months compared to 2019 wherein income was generated only for 9 months. Revenues in 2020 was also greatly affected by the COVID-19 pandemic. Net loss increased in 2020 which was mainly due to the salaries given to key management personnel.

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 CHANGES IN FINANCIAL CONDITION

<i>From January 1, 2020 to December 31, 2020</i>	<i>From January 1, 2019 to December 31, 2019</i>	<i>From January 1, 2018 to December 31, 2018</i>
<p>a. Cash and cash equivalents increased by P1.2M Due to the net effect of the availment of short-term loans, payment of outstanding loans in the first quarter, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for payment to suppliers of hospital supplies.</p>	<p>a. Cash and cash equivalents decreased by P35.5M Due to the net effect of the availment of loans, payment of outstanding loans, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for the construction of the hospital and medical supplies.</p>	<p>a. Cash and cash equivalents decreased by P11.3M Due to the net effect of disbursements for equipment, construction and payroll and availment of loan</p>
<p>b. Advances to suppliers and contractors increased by P0.9M The Company has made various advances/down payment to suppliers for medical equipment not yet received as of December 31, 2020.</p>	<p>b. Advances to suppliers and contractors decreased by P59.6M due to the receipt of equipment previously paid and 100% completion of the building. Almost all of the equipment was received in 2019 since operations started last March 2019.</p>	<p>b. Advances to suppliers and contractors decreased by P9.1M due to the receipt of equipment previously paid in 2017.</p>
<p>c. Accounts and Other Receivables increased by P9.9 due to the increase in receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable from COVID 19 patients.</p>	<p>c. Accounts and Other Receivables increased by P12.9 due to the increase in receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable. There were no receivables from operations in 2018 since the Company has not started operations yet.</p>	<p>c. No Accounts and Other Receivables in 2018</p>

<p>d. Inventories increased by P14.73M Is mainly due to the Company's decision to purchase various medicines than to consign them. In addition, the Company has purchased additional inventory due to the pandemic.</p>	<p>d. Inventories increased by P21.7M since the Company was in full operation 2019 compared in prior years. This pertains to medicines, medical supplies among others.</p>	<p>d. No inventories in 2019</p>
<p>e. Property, plant and equipment decreased by P13.2M due to the net effect of the delivery of medical equipment and recognition of depreciation expense.</p>	<p>e. Property, plant and equipment increased by P645.8M due to the delivery of medical equipment and office equipment and fixtures and reclassification of construction in progress to Building</p>	<p>e. Property, plant and equipment increased by P123.3M due to the delivery of medical equipment and office equipment and fixtures to be used in the hospital's operations</p>
<p>f. Construction in progress in 2020 and 2019 is nil</p>	<p>f. Construction in progress decreased by P475.1M since it was fully reclassified to Building since it is already used by the Company for its hospital operations and is already 100% completed in 2019.</p>	<p>f. Construction in progress increased by P188.5M Due to the ongoing construction of the hospital</p>
<p>g. Accounts payable and other Liabilities decreased by P3.2M as a result of the timely payment to suppliers.</p>	<p>g. Accounts payable and other Liabilities increased by P54.3M as a result of the purchases of medical supplies, medicines and other hospital supplies and accrued professional fees.</p>	<p>g. Accounts payable and other Liabilities increased by P19.4M as a result of the payables to contractors for the construction of the hospital</p>
<p>h. Notes payable increased by P54.33M as a result of the additional availment of a short term loan and availment of the remaining long term loan for the construction of hospital building</p> <p>i. Advances from shareholders decreased by P78.40M due to the payment to shareholders during the ear</p>	<p>h. Notes payable increased by P51.2M as a result of the availment of a short term loan in 2019</p> <p>i. Advances from shareholders decreased by P95.1M due to the payment to shareholders during the year</p>	<p>h. Notes payable increased by P271.1M as a result of the availment of long term loan from Landbank</p> <p>i. Advances from shareholders increased by P20.4M due to the additional advances made by the Company from its shareholders.</p>

KEY PERFORMANCE INDICATORS

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
a. CURRENT RATIO = Current assets / Current liabilities	0.45	0.55	2.44
<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. DEBT TO EQUITY RATIO = Debt / Equity	2.36	3.00	5.32
<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>			
c. DEBT TO TOTAL ASSET RATIO = Debt / Asset	0.71	0.75	0.85
<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>			
d. ASSET TO EQUITY RATIO = Assets / Equity	3.36	4.00	6.31
<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 2021 increased due to the net loss incurred during the period, decrease in cash and fixed assets.</p>			
e. PROFIT MARGIN	(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. The Company started its operations in 2019. Profit margin in 2020 is slightly better due to the Company's continuous improvement in its financial performance.</p>			

Balance Sheet Items - 2020 compared to 2019

Cash increased in 2020 due to the net effect of the availment of short-term loans, payment of outstanding loans in the first quarter, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for payment to suppliers of hospital supplies.

Advances to suppliers increased during the year. The Company has made various advances/down payment to suppliers for medical equipment not yet received as of December 31, 2020.

Accounts and other receivables increased due to the receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable.

Inventories increased during the year. This was mainly due to the over purchasing of medical supplies in the first quarter of 2020 due to the COVID pandemic. This pertains to medicines, medical supplies among others. In addition, the Company is purchasing more medicines in 2020 than in 2019 where most medicines are on a consignment basis.

Property and equipment decreased during the year which was mainly due to depreciation expense. There were only minimal purchases of equipment during the year.

Accounts payable and other liabilities decreased during the year as a result of the on-time payment to suppliers compared in 2019. Payables to suppliers are paid within 30 to 60 days in 2020 compared to longer periods in 2019.

Notes payable – current portion increased as a result of the availment of a short-term loan in 2020.

Notes payable – net of current portion decreased as result of the payment of loan amortization in the first quarter of 2020. The Company only paid interest for the 2nd to 4th quarter loan payment due to the deferment of the principal. The Company will resume payment of the principal on May 2021.

Advances from shareholders decreased due to the payment to shareholders during the year.

Share capital and Share premium increased during the year as a result of issuance of 4,720 shares at Php200,000 each.

Deficit increased due to the net loss in 2020.

Income Statement - 2020 compared to 2019

Revenues significantly increased in 2020. In 2019, the Company just operated for starting March. In addition, inpatient census in 2020 decreased compared to the last quarter of 2019 due to the effect of COVID 19. However, revenue still increased as result of the efforts of management such as offering discounts to MRI and maternity packages, among others. Physicians are also given incentives for the income they bring into the hospital.

Direct Costs increased in 2020 as a direct result of the increase in revenues of the Company. Salaries, professional fees, depreciation as well as supplies for operations increased during the year.

General and administrative expenses increased in 2020 as a direct result of the operations of the Company. Majority of the increase is attributable to the salaries and allowances, utilities, depreciation and outsourced services. In 2020, the Company gave hazard pay to its medical department employees and overtime pay to the nursing service due to the rise of COVID patients. In addition, depreciation in 2020 increased since most depreciation in 2019 started March and July 2019 and outsourced services such as security and janitorial also increased.

Finance cost increased in 2020 as a result of the additional loans obtained by the Company, particularly the short-term loan and interest-bearing advances from shareholders.

Balance Sheet Items - 2019 compared to 2018

Cash decreased during the year due to the net effect of the availment of loans, payment of outstanding loans, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for the construction of the hospital and medical supplies.

Advances to suppliers decreased during the year. Medical equipment and other supplies with advance payment given in prior years were already delivered thus reclassifying the said advances to property and equipment.

Advances to contractors decreased during the year due to the reclassification to construction in progress and ultimate closing of construction of progress to Building except the advances made to the contractor for the Company's elevator.

Accounts and other receivables increased due to the receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable.

Inventories increased during the year since the Company was in full operation 2019 compared in prior years. This pertains to medicines, medical supplies among others.

Prepayments and other current assets increased during the year which pertains to prepaid insurance.

Property and equipment increased during the year which was mainly due to the delivery of medical equipment and office equipment and fixtures and reclassification of construction in progress to Building

Construction in progress is nil in 2019 since it was fully reclassified to Building since it is already used by the Company for its hospital operations and is already 100% completed in 2019.

Accounts payable and other liabilities increased during the year as a result of the purchases of medical supplies, medicines and other hospital supplies and accrued professional fees.

Notes payable – current portion increased as a result of the availment of a short term loan in 2019.

Notes payable – net of current portion increased as result of the additional availment of loan in 2019.

Advances from shareholders decreased due to the payment to shareholders during the year.

Share capital and Share premium increased during the year as a result of issuance of 6,640 shares at Php200,000 each.

Deficit increased due to the net loss in 2019.

Review of Operations - 2019 compared to 2018

Net loss in 2019 is higher than in 2018. 2019 is the first year of operations of ACE Dumaguete Doctors. The net loss was due to the high expenses incurred such as salaries, direct costs, electricity among others compared to 2018. Finance cost also increased as a result of additional financing obtained by the Company to finance its first-year operations.

Review of Operations - 2018 compared to 2017

Net loss in 2018 is higher than in 2017 due to the increase in general and administrative expenses incurred such as salaries, utilities, depreciation and taxes and licenses. There was no income generated aside from interest income in 2018 and 2017.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenue or income of the Company.

The Company is not involved in legal proceedings, tax and/or regulatory assessments. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company continues to spend for regular capital expenditures.

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

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, 2020 and 2019:

Category	Advances	Amount of Transactions	Advances from	Terms	Conditions
	from shareholders		shareholders		
	2019	2020	2020		
Advances from shareholders					
Non-interest-Bearing	107,360,954	(82,805,000)	24,555,954	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	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 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 ₱1,237,605 and ₱1,213,765 in 2020 and 2019, 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, 2021**

	NAME	NATIONALITY	TYPE	NUMBER OF SHARES	% OF OWNERSHIP
1.	Amado Manuel C. Enriquez Jr.	Filipino	Common	12,450	7.75%
			Founder	50	
			TOTAL	12,500	
2.	Marietta T. Samoy	Filipino	Common	7,470	4.65%
			Founder	30	
			TOTAL	7,500	
3.	Geanie A. Cerna-Lopez	Filipino	Common	4,980	3.10%
			Founder	20	
			TOTAL	5,000	
4.	Felicisimo D. De Castro	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
5.	Roberto M. De Leon	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
6.	Brenda V. Diputado	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
7.	Jonathan C. Amante	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
8.	Aejeleth B. Eyas	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
9.	Felix P. Nolasco	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
10.	Generoso M. Orillaza	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
11.	Ronald L. Ramiro	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
12.	Roy Diamond M. Arco	Filipino	Common	2,490	1.55%
			Founder	10	

			TOTAL	2,500	
13.	Rolando E. Regalado	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
14.	Robert H. Tan	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
15.	Idelle Marie A. Yurong	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
16.	Pal K. Amante	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
17.	Franciene P. Vasquez	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
18.	Brian Joseph M. Calinawagan	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
19.	Maria Rhodora G. De Leon	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
20.	Michael Edward R. Enriquez	Filipino	Common	2,490	1.55%
			Founder	10	
			TOTAL	2,500	
21.	Others	Filipino	Common	93,530	58.15%
			Founder	330	
			TOTAL	93,860	

ANNEX "D"

**LIST OF THE DIRECTORS, OFFICERS AND STOCKHOLDERS WHO ATTENDED THE
Y2020 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. Cerna, Felino
17. Fontelo, Raponzel
18. Yurong, Idelle Marie
19. Uy, Corazon
20. Sison, Aideline
21. Vasquez, Franciene
22. Vere Cruz, Maria Carmelita
23. Amante, Pal
24. Emperado, Jennifer
25. Nuico Revey
26. Orillaza, Generoso
27. Orillaza, Marrisa
28. Rana, Daphne
29. Regalado, Rolando
30. Rosario, Concepcion
31. Sayson, Karen
32. Arco, Roy Diamond
33. Tan, Nailani
34. Rosario, Silahis
35. Calinawagan, Joseph
36. Diputado, Brenda
37. Ramiro, Ronald
38. Ramiro, Jane
39. Bendula, Ivy
40. Bustilo, Jerika
41. Nanalabe, Ali Maya
42. Go, Bimchil
43. Credo, Junabeth
44. Nolasco, Felix
45. Samoy, Marietta
46. Nolasco, Eulenia

47. Nuico, Glenda
48. Eyas, Cresman
49. De Leon Roberto
50. Romero Chrizbell
51. Orhel, Bernie
52. Flores, Roger
53. Lopez, Mark
54. Enriquez, Marilyn
55. Enriquez, Michael Edward
56. Enriquez, Miguel Antonio
57. De Leon, Rhodora
58. Ontal, Hope Charmaine
59. Alcala, Angelo L.

CERTIFICATION OF INDEPENDENT DIRECTOR

10500 E ST. BERNIE A. OJEDA Filipino, of legal age and a resident of PLUM VILLAGE, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ACE CONCRETE and have been its independent director since JUNE 18, 2021

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

Company/Organization	Position/Relationship	Period of Service
<u>VM HONDA</u>	<u>FOUNDER / BOARD</u>	<u>2020 - 2021</u>
<u>ARMOR ETC</u>	<u>OF ARMOR</u>	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ACE CONCRETE 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 VM HONDA PARANAQUE 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
<u>DR. SANDY</u>	<u>VM HONDA</u>	<u>FOUNDER</u>
<u>BERNIE OJEDA</u>	<u>PARANAQUE VM HONDA</u>	<u>FOUNDER</u>

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 _____, pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

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

8. I shall inform the Corporate Secretary of ACE CONCRETE of any changes in the abovementioned information within five days from its occurrence.

Done this 16 day of JUNE, at MANILA.

BERNIE A. OJEDA
Affiant

SUBSCRIBED AND SWORN to before me this 16 day of JUN 2021 at MUS. CAVITE affiant personally appeared before me and exhibited to me his/her _____ issued on _____ at _____

Doc No 142
Page No 29
Book No 05
Series of 2021


ATTY. ERASMO G. CEDILLO
NOTARY PUBLIC
IBP NO. AR 33794248
02-12-2021
PTR NO. 8805290
4-12-2021
ROLL NO. 3857-5-4-1981
MCLE-COMP NO. VI - 0012901

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 29 day of JUN 29 2021, at ABELARAN CDA

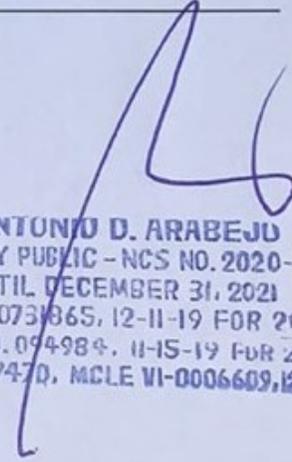


RONALD L. RAMIRO, MD

Affiant

SUBSCRIBED AND SWORN to before me this 29 day of JUN 29 2021 at ABELARAN CDA affiant personally appeared before me and exhibited to me his/her _____ issued on _____, at _____

Doc No 777
Page No 46
Book No 114
Series of 2021



ANTONIO D. ARABEJO
NOTARY PUBLIC - NCS NO. 2020-05
UNTIL DECEMBER 31, 2021
PTR NO. 0731865, 12-11-19 FOR 2020
IBP OR NO. 094984, 11-15-19 FOR 2020
ROLL NO. 37470, MCLE VI-0006609, 12-20-20

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 N/A .
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 f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Rolando E. Regalado, Filipino, of legal age and a resident of Amigo Subdivision, Piapi Dumaguete 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 N/A.
2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
ACE Dumaguete Doctors Inc.	Shareholder	N/A

3. 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
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		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);
6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in _____N/A_____, pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

8. I shall inform the Corporate Secretary of ACE Dumaguete Doctors Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this ___ day of JUL 06 2021.

Regalado
Rosaldo E. Regalado MD
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of JUL 06 2021, at DUMAGUETE CITY affiant personally appeared before me and exhibited to me his/her _____ issued on _____, at _____

Doc No 492
Page No 10
Book No II
Series of 2021

[Signature]
FROILAN JOSEPH B. PINI
NOTARY PUBLIC DUMAGUETE CITY
SERIAL NO. 2019-004 UNTIL 12/19, 2021
ROLL NO. 55785
TD No. 0816044 ISSUED 01/15/21

CERTIFICATION

This is to certify that the directors and officers of Allied Care Experts (ACE) Dumaguete Doctors, Inc., are not connected with any government agencies or its instrumentalities.

Issued this JUL 12 2021 day of July 2021, at Dumaguete City, Philippines.

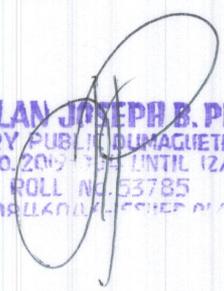


AEJELETH B. EYAS
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public, for and in the City of Dumaguete City, Philippines, this JUL 12 2021 day of July 2021, affiant presented to me her Professional Regulation Commission ID No. _____, issued on _____.

NOTARY PUBLIC

Doc No. 489
Page No. 01
Book No. D
Series of 2021.



FROILAN JOSEPH B. PINILI
NOTARY PUBLIC - DUMAGUETE CITY
SERIAL NO. 2019 UNTIL 12/19, 202
ROLL NO. 53785
*TO No. 0906011-53785-01

CERTIFICATION

This is to certify that the directors and officers of Allied Care Experts (ACE) Dumaguete Doctors, Inc., are not connected with any government agencies or its instrumentalities.

Issued this JUL 12 2021 day of July 2021, at Dumaguete City, Philippines.



AEJELETH B. EYAS
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public, for and in the City of Dumaguete City, Philippines, this JUL 17 2021 day of July 2021, affiant presented to me her Professional Regulation Commission ID No. _____, issued on _____.

NOTARY PUBLIC

Doc No. 289
Page No. 89
Book No. 8
Series of 2021.

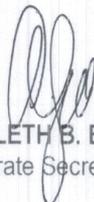


FROILAN JOSEPH B. PINLA
NOTARY PUBLIC - DUMAGUETE CITY
SERIAL NO. 2019-004 UNTIL 12/19, 2021
ROLL NO. 53785
PTR No. 0846017 - ISSUED 01/15/2011

CERTIFICATION

This is to certify that the directors and officers of Allied Care Experts (ACE) Dumaguete Doctors, Inc., are not connected with any government agencies or its instrumentalities.

Issued this JUL 12 2021 day of July 2021, at Dumaguete City, Philippines.



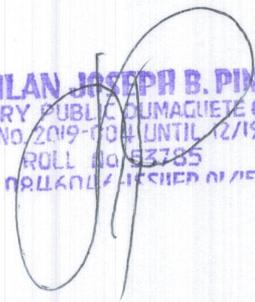
AEJELETH B. EYAS
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public, for and in the City of Dumaguete City, Philippines, this JUL 12 2021 day of July 2021, affiant presented to me her Professional Regulation Commission ID No. _____, issued on _____.

NOTARY PUBLIC

Doc No. 489
Page No. 09
Book No. II
Series of 2021.

FROILAN JOSEPH B. PINILI
NOTARY PUBLIC DUMAGUETE CITY
SERIAL NO. 2019-004 UNTIL 12/19, 2021
ROLL NO. 53785
*TD No. 0816604 / RESHER 01/15/21



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

Financial Statements
December 31, 2020, 2019 and 2018

and

Independent Auditors' Report



Allied Care Experts (ACE) Dumaguete Doctors, Inc.
F. Cimafranca Street, Daro, Dumaguete City

Email: acedumaguetedoctors@yahoo.com.ph 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, 2020. 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, 2020 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 the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b.) any disparity of figures in the submitted reports arising from the 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. Daryl M. Aplon
Corporate Treasurer

Signed this 14th day of April 2021



Allied Care Experts (ACE) Dumaguete Doctors, Inc.
F. Cimafranca Street, Daro , Dumaguete City

Email: acedumaguetedoctors@yahoo.com.ph Cell # 09322420610

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

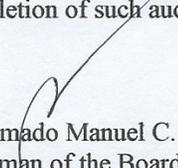
The management of **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, in accordance with the Philippine Financial Reporting Standards (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.

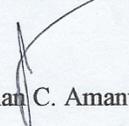
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Dimaculangan, Dimaculangan and Company, CPAs, the independent auditor for December 31, 2020, 2019 and 2018, who were appointed by the stockholders, have audited the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Dr. Amado Manuel C. Enriquez
Chairman of the Board


Dr. Jonathan C. Amante
President


Dr. Daryl M. Apla-on
Corporate Treasurer

Signed this 14th day of April, 2021

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, 2020 and 2019, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, 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, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 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.

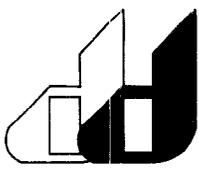
Key Audit Matters

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 of December 31, 2020 and 2019, 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.

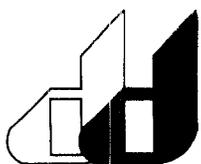
Auditor's Responsibilities for the Audit of the Financial Statements

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 the tabular schedule of standards and interpretation of the Securities and Exchange Commission 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.

The engagement partner on the audit resulting in this independent auditor's report is Maria Teresita Zuñiga-Dimaculangan.

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


MARIA TERESITA ZUÑIGA-DIMACULANGAN
Partner

CPA Certificate No. 0036077

SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)

BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)

BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)

Tax Identification No. 133-451-815

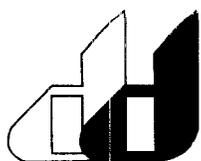
PTR No. MKT8547296

January 14, 2021

April 14, 2021

Makati City

Philippines



**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, 2020, on which we have rendered the attached report dated April 14, 2021.

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 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.


MARIA TERESITA ZUNIGA-DIMACULANGAN

Partner

CPA Certificate No. 0036077

SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)

BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)

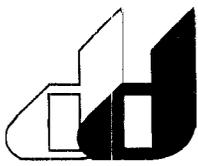
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)

Tax Identification No. 133-451-815

PTR No. MKT8547296

January 14, 2021

April 14, 2021
Makati City
Philippines



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH
THE SECURITIES AND EXCHANGE COMMISSION**

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, 2020, on which we have rendered the attached report dated April 14, 2021.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said company has a total number of fifty-three (53) stockholders owning one hundred (100) or more shares each.

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


MARIA TERESITA ZUNIGA-DIMACULANGAN

Partner

CPA Certificate No. 0036077

SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)

BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)

BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)

Tax Identification No. 133-451-815

PTR No. MKT8547296

January 14, 2021

April 14, 2021
Makati City
Philippines

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

ASSETS	Notes	December 31,	
		2020	2019
CURRENT ASSETS			
Cash	6	18,004,975	16,792,618
Accounts and other receivables	7	31,285,309	13,047,409
Inventories	8	38,496,389	23,763,500
Prepayments and other current assets		3,133,078	1,237,448
		90,919,751	54,840,975
NONCURRENT ASSETS			
Advances to suppliers	9	13,214,250	12,271,917
Advances to contractors	9	13,475,205	13,475,205
Property and equipment (net)	10	814,296,760	827,495,861
Intangible assets	5	100,000	-
Deferred tax assets	19	963,602	195,501
Other noncurrent assets		16,000	16,000
		842,065,817	853,454,484
TOTAL ASSETS		932,985,568	908,295,459
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	11	90,378,757	93,533,760
Income tax payable	19	768,101	195,501
Notes payable - current portion	12	111,841,009	54,611,116
		202,987,867	148,340,377
NONCURRENT LIABILITIES			
Notes payable - net of current portion	12	404,825,657	407,722,217
Advances from shareholders	13	46,755,954	125,153,099
		451,581,611	532,875,316
TOTAL LIABILITIES		654,569,478	681,215,693

Balance forwarded

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

	<i>Notes</i>	December 31,	
		2020	2019
<i>Forwarded balance</i>			
EQUITY			
Share capital	<i>14</i>	161,360,000	156,640,000
Share premium	<i>14</i>	215,840,000	126,160,000
Deficit		(98,783,910)	(55,720,234)
		278,416,090	227,079,766
TOTAL LIABILITIES AND EQUITY		932,985,568	908,295,459

See accompanying Notes to Financial Statements

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

	<i>Notes</i>	For the years ended December 31,		
		2020	2019	2018
REVENUES, net	<i>15</i>	294,751,808	108,297,120	-
DIRECT COSTS	<i>16</i>	256,388,748	98,522,067	-
GROSS PROFIT		38,363,060	9,775,053	-
OTHER INCOME	<i>17</i>	77,177	12,722	65,957
GROSS INCOME		38,440,237	9,787,775	65,957
GENERAL AND ADMINISTRATIVE EXPENSES	<i>18</i>	50,918,483	35,240,351	17,195,697
NET OPERATING LOSS		(12,478,246)	(25,452,576)	(17,129,740)
FINANCE COST	<i>12,13</i>	30,585,430	6,468,209	230,795
NET LOSS BEFORE INCOME TAX		(43,063,676)	(31,920,785)	(17,360,535)
INCOME TAX EXPENSE	<i>19</i>	-	-	-
NET LOSS FOR THE YEAR		(43,063,676)	(31,920,785)	(17,360,535)
OTHER COMPREHENSIVE INCOME (LOSS) DURING THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(43,063,676)	(31,920,785)	(17,360,535)
BASIC LOSS PER SHARE	<i>20</i>	(266.88)	(203.78)	(115.74)

See accompanying Notes to 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
EQUITY				
As at January 1, 2018	120,000,000	-	(6,438,914)	113,561,086
Increase in share capital	30,000,000	-	-	30,000,000
Net loss for the year	-	-	(17,360,535)	(17,360,535)
As at December 31, 2018	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)
As at December 31, 2020	161,360,000	215,840,000	(98,783,910)	278,416,090

See accompanying Notes to Financial Statements

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

	<i>Notes</i>	For the years ended December 31,		
		2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		(43,063,676)	(31,920,785)	(17,360,535)
Adjustments to reconcile net loss before income tax to net cash provided by (used in) operating activities:				
Depreciation	10,16,18	46,889,782	30,962,107	1,009,161
Interest expense	12	30,585,430	6,468,209	230,795
Interest income	6,17	(35,177)	(12,722)	(65,957)
Operating cash flows before changes in working capital		34,376,359	5,496,809	(16,186,536)
Changes in working capital components:				
Decrease (increase) in current assets:				
Accounts and other receivables	7	(18,237,900)	(12,907,787)	(139,623)
Inventories	8	(14,732,889)	(21,744,951)	(2,018,549)
Prepayments and other current assets		(1,895,630)	(1,087,448)	-
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	11	(3,155,003)	54,255,692	19,370,139
Net cash generated from (used in) operations		(3,645,063)	24,012,315	1,025,431
Payment of income tax		(195,501)	-	-
Interest received	6,17	35,177	12,722	65,957
Net cash provided by (used in) operating activities		(3,805,387)	24,025,037	1,091,388
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in:				
Advances to suppliers	9	(942,333)	19,339,233	10,270,579
Advances to contractors	9	-	40,291,983	(1,193,640)
Additions to property and equipment	10,16,18	(33,690,681)	(90,568,791)	(124,271,810)
Additions to construction in progress		-	(111,045,653)	(188,450,451)
Additions to intangible asset		(100,000)	-	-
Net cash used in investing activities		(34,733,014)	(141,983,228)	(303,645,322)

Balance forwarded

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

	<i>Notes</i>	For the years ended December 31,		
		2020	2019	2018
<i>Forwarded balance</i>				
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of notes payable	<i>12</i>	63,000,000	68,900,000	271,100,000
Payment of principal loans	<i>12</i>	(8,666,667)	(17,666,667)	-
Payment of interest expense	<i>12</i>	(30,585,430)	(6,468,209)	(230,795)
Proceeds from (payment of) advances from shareholders	<i>13</i>	(78,397,145)	(95,061,731)	20,362,135
Increase in share capital	<i>14</i>	4,720,000	6,640,000	-
Additional paid-in capital	<i>14</i>	89,680,000	126,160,000	-
Net cash provided by financing activities		39,750,758	82,503,393	291,231,340
NET INCREASE (DECREASE) IN CASH		1,212,357	(35,454,798)	(11,322,594)
CASH, beginning of the year		16,792,618	52,247,416	63,570,010
CASH, end of the year	<i>6</i>	18,004,975	16,792,618	52,247,416

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2019 and 2018 and for the years ended December 31, 2020, 2019 and 2018
(Amounts in Philippine Peso)

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.

In 2019, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 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 Corporation 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 abeyance of 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 availing 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 Cirnafranca St. Daro, Dumaguete City, Negros Oriental.

Status of Operations

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

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.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD**Adoption of New and Revised Accounting Standards Effective in 2020**

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. 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 the same way it would account for the change applying PFRS 16 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 of 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 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

From the issuer of these assets' point-of-view, as a consensus, the following accounting treatments are suggested:

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:
 - i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
 - ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
 - iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
 - iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

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, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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 statement of comprehensive income, 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 statement of comprehensive income 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.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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 statement 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (Addendum to PIC Q&A 2018-12-D), PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The reposessed property is recognized at its fair value less cost to reposess
2. The reposessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, Confirming Changes to PIC Q&As – Cycle 2019

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 -- Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, <i>Leases</i> , for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, <i>Investment Property</i> , has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, <i>Leases</i> , and Philippines Interpretation SIC-15, <i>Operating Leases - Incentives</i>
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, <i>Separate Financial Statements</i>) in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the

step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLAs)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFIS) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFIS Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation (“ARO”)

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

- a. *Modified retrospective approach* -- Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.
- b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company’s financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, *Determining the current portion of an amortizing loan/lease liability*

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the Lease Term*

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee’s right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, Conforming Changes to PIC Q&As – Cycle 2020

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (Addendum to PIC Q&A 2018-12-D), PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, PFRS 16 - Accounting for payments between and among lessors and lessees

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
1	Lessor pays old lessee - lessor intends to renovate the building	<p>i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term.</p> <p>ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs</p>	<p>i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease.</p> <p>ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-</p>		<ul style="list-style-type: none"> • PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

Transaction	Treatments in the financial statements of			Basis
	Lessor	Old lessor	New Lessee	
	under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2 Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3 Lessor pays new lessee - an incentive to occupy	<p>i. Finance lease:</p> <ul style="list-style-type: none"> • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. <p>ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis or another systematic basis.</p>		<p>i. Record as a deduction to the cost of the right-of-use asset.</p> <p>ii. Lease incentive receivable is also included as reduction in measurement of lease liability.</p> <p>iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.</p>	<ul style="list-style-type: none"> • PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4 Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		<p>i. Same as in fact pattern 1C.</p> <p>ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold</p>	<ul style="list-style-type: none"> • Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	<p>i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets</p> <p>ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.</p>		Recognize as part of the cost of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of- use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

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

NOTE 4 - 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 statement 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.

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.

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)

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 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 statement 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 statement of financial position at fair value with net changes in fair value recognized in the statement 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 statement 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 statement 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.

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.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders (see Notes 11, 12, and 13).

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 statement of comprehensive income.

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.

Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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 statement of financial position comprises 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.

Inventories

Inventories are initially measured at cost. Cost includes all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories 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, inventories are assessed for impairment. If inventory 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 statement of comprehensive loss.

All inventories 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 purchases price, including import duties and non-refundable purchases 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 statement of comprehensive income.

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

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

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 Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

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 measured at par value for all shares issued.

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.

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

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.

Cost and Expense Recognition

Cost 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. Cost 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.

Cost and expenses in the statements of comprehensive 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 statement of income 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 fund 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 statement of income, 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 end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

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.

Critical Judgments in Applying the 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:

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (₱). It is the currency that mainly influences the Company's operations.

Classification of Financial Instrument

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definition 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 statement of financial position.

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

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 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 calculates 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

Property and equipment is 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, subheadings *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:

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:

Categories	Estimated Useful Life
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, 2020 and 2019, the Company's property and equipment had carrying amounts of ₱814,296,760 and ₱827,495,861, respectively, as disclosed in Note 10. Total accumulated depreciation as at December 31, 2020 and 2019 amounted to ₱79,072,739 and ₱32,182,957, respectively, as disclosed in Note 10.

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

The Company's intangible assets as at December 31, 2020 and 2019 had carrying amounts of ₱100,000 and ₱0-, respectively. No amortization was recognized in 2020 and 2020.

Asset impairment other than goodwill

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and

equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at December 31, 2020, and 2019, Management believes that the recoverable amounts of the Company's property and equipment and intangible assets approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

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 ₱963,602 and ₱195,501 as at December 31, 2020 and 2019, respectively (see Note 19).

Deferred tax assets with full valuation allowance as at December 31, 2020, 2019 and 2018 amounted to ₱26,955,983, ₱15,648,793 and ₱6,799,879, respectively (see Note 19).

Estimating loss allowance for expected credit losses

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

As at December 31, 2020 and 2019, Management believes that there are no expected credit losses in relation to their accounts and other receivables, accordingly, no loss allowance was recognized for the year. Total accounts and other receivables as at December 31, 2020 and 2019 amounted to ₱31,285,309 and ₱13,047,409, respectively (see Note 7).

NOTE 6 - CASH

The account consists of:

	2020	2019
Cash on hand	1,889,733	3,109,779
Cash in banks	16,115,242	13,682,839
	<u>18,004,975</u>	<u>16,792,618</u>

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

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 ₱35,177, ₱12,722 and ₱65,957 in 2020, 2019 and 2018, respectively and is presented as part of “other income” in the statement of comprehensive loss.

NOTE 7 - ACCOUNTS AND OTHER RECEIVABLES

This account consists of:

	2020	2019
Due from PhilHealth ¹⁾	22,461,559	10,165,499
Due from HMOs ¹⁾	4,442,115	558,387
Accounts receivables ²⁾	3,571,911	2,076,737
Advances to officers and employees	139,623	159,623
Other receivables	670,101	87,163
	31,285,309	13,047,409

¹⁾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).

²⁾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).

NOTE 8 - INVENTORIES

The account consists of:

	2020	2019
Inventories Held for Consumption:		
Medical and laboratory supplies ¹⁾	23,327,483	18,501,556
General hospital maintenance supplies ²⁾	1,334,199	14,400
	24,661,682	18,515,956
Drugs and medicines inventory for sale - Pharmacy	13,834,707	5,247,544
	38,496,389	23,763,500

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

²⁾General hospital maintenance supplies pertain to purchases of cleaning and sanitation supplies for the hospital upkeep and general housekeeping.

NOTE 9 - ADVANCES TO SUPPLIERS AND CONTRACTORS

This account consists of:

	2020	2019
Advances to suppliers ¹⁾	13,214,250	12,271,917
Advances to contractors ²⁾	13,475,205	13,475,205
	26,689,455	25,747,122

¹⁾Advances to suppliers represents payments made to suppliers of medical equipment, accounting system and hospital supplies not yet delivered during the year.

²⁾Advances to contractors represents hospital elevators already paid in full but not yet turned-over by the contractor as of reporting date.

NOTE 10 - PROPERTY AND EQUIPMENT (net)

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
Cost:						
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
At end of year	53,318,860	607,779,502	202,649,926	1,775,000	27,846,211	893,369,499
Accumulated depreciation:						
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
At end of year	471,750	23,378,443	45,427,166	644,555	9,150,825	79,072,739
Net carrying value, December 31, 2020	52,847,110	584,401,059	157,222,760	1,130,445	18,695,386	814,296,760

Reconciliation of property and equipment (net) as at December 31, 2019 is as follows:

	Land and Land Improvement	Building and Building Improvement	Medical Machineries and Equipment	Transportation Equipment	Office Equipment, Furnitures and Fixtures	Total
Cost:						
At beginning of year	52,993,860	-	111,882,154	1,585,000	16,456,764	182,917,778
Additions	-	586,192,249	-	-	-	586,192,249
Reclassification	-	500,000	80,687,918	190,000	9,190,873	90,568,791
At end of year	52,993,860	586,692,249	192,570,072	1,775,000	25,647,637	859,678,818
Accumulated depreciation:						
At beginning of year	249,750	-	-	-	971,100	1,220,850
Depreciation	111,000	8,623,637	18,388,778	322,278	3,516,414	30,962,107
At end of year	360,750	8,623,637	18,388,778	322,278	4,487,514	32,182,957
Net carrying value, December 31, 2019	52,633,110	578,068,612	174,181,294	1,452,722	21,160,123	827,495,861

In 2019, the Company commenced the start-up launch (soft opening) of the hospital operations and available facilities, hence the Construction-in-progress was reclassified to building account.

Depreciation expense is charge into two categories:

	2020	2019	2018
Direct costs (Note 16)	37,366,752	24,372,824	-
General and administrative expenses (Note 18)	9,523,030	6,589,283	1,009,161
	46,889,782	30,962,107	1,009,161

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 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 as disclosed in Note 12. The fair market value of the land as at December 31, 2020 and 2019 approximates its cost.

Management has reviewed the carrying values of property and equipment as at December 31, 2020 and 2019 for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

NOTE 11 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2020	2019
Accounts payable – suppliers ¹⁾	35,270,601	45,936,444
Accrued expenses ²⁾	37,643,097	24,741,715
Retention payable ³⁾	13,055,412	19,702,799
Accrued interest payable ⁴⁾	2,841,041	2,606,627
Government liabilities ⁵⁾	1,568,606	546,175
	90,378,757	93,533,760

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

²⁾Accrued expenses pertain to unpaid expenses incurred during the year.

³⁾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.

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

⁵⁾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.

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 totaling **₱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 can be 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.

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

	2020	2019
Notes payable - current portion	111,841,009	54,611,116
Notes payable - noncurrent portion	404,825,657	407,722,217
At end of year	516,666,666	462,333,333

Breakdown of the notes payable is as follows:

	2020	2019
Construction of hospital building	382,000,000	346,500,000
Medical equipments and hospital furniture	91,666,666	95,833,333
Working capital requirement	43,000,000	20,000,000
	516,666,666	462,333,333

Total finance costs incurred as at December 31 consists of:

	2020	2019	2018
Construction of hospital building	21,746,466	21,324,822	15,630,575
Medical equipments and hospital furniture	5,545,205	5,226,666	230,795
Working capital requirement	2,056,154	27,778	-
	29,347,825	26,579,266	15,861,370

During the year, finance costs pertaining to these notes were charged to profit and loss statement. Majority of previous years finance cost 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, 2020 and 2019:

Category	Outstanding	Amount of	Outstanding	Terms	Conditions
	Balance	Transactions	Balance		
	2019	2020	2020		
Advances from shareholders:					
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		

Category	Outstanding	Amount of	Outstanding	Terms	Conditions
	Balance	Transactions	Balance		
	2018	2019	2019		
Advances from shareholders:					
Non-interest-bearing Advances from shareholders	220,214,830	(112,853,876)	107,360,954	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest bearing Advances from shareholders	-	17,792,145	17,792,145	Interest-bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	220,214,830	(95,061,731)	125,153,099		

(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 ₱1,237,605 and ₱1,213,765 in 2020 and 2019, respectively.

Key Management Personnel Compensation

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

In 2019 and 2018, only per diem and plane fare allowance per meetings were given as per Board Resolutions dated September 6, 2015 (see Note 18).

NOTE 14 - SHARE CAPITAL

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

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

Details of share capital as at December 31, 2019 is as follows:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	240,000,000
Subscribed share capital:		
Founder's shares	600	600,000
Common shares	156,040	156,040,000
Total subscribed share capital	156,640	156,640,000
Paid-up share capital:		
Founder's shares	600	600,000
Common shares	156,040	156,040,000
Total paid-up share capital	156,640	156,640,000

During the year, pursuant to the SEC's approval of the Company's registration statement of its public offering of its shares of stock, the Company issued an additional **FOUR THOUSAND SEVEN HUNDRED TWENTY (4,720)** common shares. The related share premium arising thereof, after deducting transaction costs associated with the issuance of shares amounted to **₱89,680,000**. The common share offer price amounted to **₱250,000** up to **₱400,000** per block [one (1) block = ten (10) common shares].

As at December 31, 2020, 2019 and 2018, the Company has fifty-three (53) shareholders, each owning 100 or more shares of the Company's shares of stock. Founder's 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 Founder's shares shall have the same rights and privileges as holders of common shares.

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:

	2020	2019
Hospital fees	231,403,717	83,457,161
Sale of drugs and medicines	60,662,264	19,739,211
Laboratory fees	43,027,282	15,098,662
	335,093,263	118,295,034
Less: Discounts and allowances	(40,341,455)	(9,997,914)
	294,751,808	108,297,120

NOTE 16 - DIRECT COSTS

This account consists of the following:

	2020	2019
Supplies/consumables:		
Sale of drugs and medicines	35,326,517	14,567,466
Hospital fees	34,778,959	7,421,448
Laboratory fees	1,688,725	6,058,574
	71,794,201	28,047,488
Salaries and allowances	76,982,017	19,147,593
Professional fees	59,051,504	19,875,495
Depreciation (Note 10)	37,366,752	24,372,824
Communications, light and water	7,284,900	5,601,227
SSS, HDMF and PHIC contributions	3,909,374	1,477,440
	256,388,748	98,522,067

NOTE 17 - OTHER INCOME

This account consists of the following:

	2020	2019	2018
Interest income (Note 6)	35,177	12,722	65,957
Other income	42,000	-	-
	77,177	12,722	65,957

NOTE 18 - GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	<i>Notes</i>	2020	2019	2018
Salaries and allowances		12,385,636	7,593,692	4,307,339
Communication, light and water		4,035,470	2,400,526	3,706,529
Depreciation	10	9,523,030	6,589,283	1,009,161
Janitorial and housekeeping services		6,566,039	2,511,746	12,495
Supplies/consumables		5,802,699	3,931,900	197,119
SSS, PHIC and HDMF contributions		1,214,198	677,285	288,970
Security Services		2,420,060	1,064,949	316,491
Taxes and licenses		2,317,747	883,279	1,748,411
Advertising and promotion		1,305,831	12,500	-
Insurance expense		1,087,448	-	235,949
Board meetings and meals	13	1,051,690	837,663	976,854
Professional fees		604,320	271,667	1,804,200
Clothing and sewing expense		403,154	2,073,147	152,351
Laundry expense		400,651	425,914	-
Repairs and maintenance		279,990	873,893	3,345
Fuel and oil		266,677	92,450	167,098
Uniform expense		204,452	421,147	-
Transportation and travel	13	125,661	1,204,551	912,461
Employee training expense		79,767	1,080,108	594,802
Rental		62,800	106,447	288,955
Freight and handling expense		37,303	690,686	4,140
Fines and penalties		97,241	8,000	2,000
Miscellaneous expenses		646,619	1,489,518	467,027
		50,918,483	35,240,351	17,195,697

In 2019, the Company has relatively started its full commercial operations and the resulting significant increases in operation expenditures are well within the Company's normal enterprising course (see Note 1).

NOTE 19 - INCOME TAX

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

I. Regular Corporate Income tax (RCIT)	2020	2019	2018
Net loss before income tax	(43,063,676)	(31,920,785)	(17,360,535)
Add (deduct) reconciling items:			
Fines and penalties (Note 18)	97,241	8,000	2,000
Interest expense arbitrage	14,511	5,248	27,207
Interest expense paid to shareholders	1,237,605	1,213,765	-
Interest income subjected to final tax (Note 6)	(35,177)	(12,722)	(65,957)
Net taxable loss	(41,749,496)	(30,706,494)	(17,397,285)
Tax rate	30%	30%	30%
RCIT	-NIL-	-NIL-	-NIL-

II. Minimum Corporate Income tax (MCIT)	2020	2019
Gross income	38,440,237	9,787,775
Add (deduct) reconciling items:		
Interest income subjected to final tax (Note 6)	(35,177)	(12,722)
Taxable gross income	38,405,060	9,775,053
Tax rate	2%	2%
MCIT	768,101	195,501

III. Tax Due (RCIT or MCIT whichever is higher)	2020	2019
MCIT	768,101	195,501
Less: Tax credits or payments		
Quarterly income tax payments (1 st -3 rd quarter)	-	-
Creditable withholding tax (1 st - 3 rd quarter)	-	-
Creditable withholding tax (4 th quarter)	-	-
Income tax payable	768,101	195,501

IV. Deferred Tax Asset

As at December 31, 2020, the Company's NOLCO that can be claimed as deduction from future taxable income are as follows:

Year incurred	Expiration date	At beginning of year	Additions	Expired	Claimed	At end of year
2017	2020	4,058,863	-	(4,058,863)	-	-
2018	2021	17,397,285	-	-	-	17,397,285
2019	2022	30,706,494	-	-	-	30,706,494
		52,162,642	-	(4,058,863)	-	48,103,779

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Year incurred	Expiration date	At beginning of year	Additions	Expired	Claimed	At end of year
2020	2025	48,103,779	41,749,496	-	-	89,853,275

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
		195,501	768,101	-	-	963,602

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

	2020	2019	2018
Net operating loss carry over (NOLCO)	89,853,275	52,162,642	22,666,262
Tax rate	30%	30%	30%
	26,955,983	15,648,793	6,799,879
MCIT	963,602	195,501	-
	27,919,585	15,844,294	6,799,879
Valuation allowance	(26,955,983)	(15,648,793)	(6,799,879)
Deferred tax assets	963,602	195,501	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years that can be charged against income of the next three taxable years.

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 sufficient future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented in the statements of financial position.

NOTE 20 - CREATE ACT

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

1. Reduction of the Corporate Income Tax rate from 30% to 20% 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) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's 2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	963,602	771,577	(192,025)
2. Income tax payable	768,101	576,076	(192,025)
3. Interest expense arbitrage	14,511	11,652	(2,859)

NOTE 21 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2020	2019	2018
Loss attributable to ordinary shares	(43,063,676)	(31,920,785)	(17,360,535)
Divided by: Weighted average number of ordinary shares outstanding	161,360	156,640	150,000
Basic loss per share	(266.88)	(203.78)	(115.74)

There are no potential dilutive ordinary shares outstanding as at December 31, 2020, 2019 and 2018.

NOTE 22 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

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 Company's financial instruments that are interest-bearing are its cash in banks, notes payable and interest-bearing advances from shareholders.

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial asset has short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

Interest-bearing advances from shareholder do not present significant interest rate risk as these are subject to fixed rates (see Note 13).

The Company's notes payable is exposed to fixed interest rate based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Accounts and other receivables

The Company has no significant concentrations of credit risk on accounts and other receivables. The Company's accounts and other receivables are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's accounts and other receivables.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

December 31, 2020	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	88,810,151	-	88,810,151
Notes payable	111,841,009	404,825,657	516,666,666
Advances from shareholders	-	46,755,954	46,755,954
	200,651,160	451,581,611	652,232,771

December 31, 2019	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	92,987,585	-	92,987,585
Notes payable	54,611,116	407,722,217	462,333,333
Advances from shareholders	-	125,153,099	125,153,099
	147,598,701	532,875,316	680,474,017

*excluding government liabilities

NOTE 23 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	16,115,242	16,115,242	13,682,839	13,682,839
Accounts and other receivables	31,285,309	31,285,309	13,047,409	13,047,409
	47,400,551	47,400,551	26,730,248	26,730,248
Financial Liabilities				
Accounts payable and other liabilities	88,810,151	88,810,151	92,987,585	92,987,585
Notes payable	516,666,666	516,666,666	462,333,333	462,333,333
Advances from shareholders	46,755,954	46,755,954	125,153,099	125,153,099
	652,232,771	652,232,771	680,474,017	680,474,017

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to short-term maturities, cash, accounts and other receivables, and accounts payable and other liabilities, their carrying amounts approximate their fair values.

The fair value of notes payable approximates its carrying 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 a 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.

NOTE 24 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	2020	2019
Total liabilities	654,569,478	681,215,693
Total equity	278,416,090	227,079,766
	2.35 : 1	3.00 : 1

The loan agreement 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.

NOTE 25 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In the Philippine Government, a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization’s (WHO) call for global response to combat the outbreak, as well as to cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.

Presently, in spite of the lingering status of the pandemic, the Company had considered that, in the presence of the foregoing governmental support mechanism that are in place to mitigate any direct impact on the business operations, the effect on the Company’s financial standing (specifically, liquidity and solvency issues) remains manageable, considering that (1) although the time table for revenue generation will be delayed, yet, the earning capacity and the related cash-generation capability are generally controllable; (2) in view of the directive to suspend or extend payment deadlines, the timing of recoverability of receivables will be delayed and pushed-back, but will remain un-impaired and largely recoverable; and, (3) finally, the suppliers’ account will still be recognized at its undiscounted price(s) and whatever delay in settlement, is merely momentary, albeit temporal in priority.

The full impact of the COVID 19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and the future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread,

the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

The Management, therefore, have determined that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on the financial standing or status and that no uncertainties yet, related to going concern exist for the Company.

NOTE 26 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at and for the year ended December 31, 2020, including its comparatives for the years 2019 and 2018, were approved and authorized for issuance by the Board of Directors on April 14, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS (RR) 15-2010

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

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

		2020	
		Rate	Output VAT
Vatable sales	5,564,901	12%	667,788
Exempt sales	5,876,051	-	-
	11,440,952		667,788

Input Value-Added Tax

	2020
At beginning of year	21,556,085
Current purchases:	
Domestic purchase other than capital goods	7,067,107
Domestic purchase of services	1,058,534
Purchases not qualified for input tax	797,196
Total	30,478,922
Less: Purchases not qualified for input tax	(797,196)
	29,681,726

	2020
Output VAT	667,788
Less: Input VAT	(29,681,726)
	(29,013,938)
Capitalized VAT	(27,073,442)
Excess input VAT	(1,940,496)

Documentary Stamp Tax

The Company has paid ₱1,041,957 documentary stamp tax for the year ended December 31, 2020 which is related to the additional loan obtained and is capitalized in the building account.

Taxes and licenses

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

	2020
Documentary stamp tax	1,041,957
Mayor's permit, Occupancy permit	797,963
Real property tax	446,327
Permits for hospital operations	31,000
Registration fee	500
	2,317,747

Withholding Taxes

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

	2020
Expanded withholding tax	6,450,662

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, 2020.

RR 19-2020 and RR 34-2020

During the year, 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 reported net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years, hence, meets the criteria provided by these Revenue Regulations, and accordingly, required to submit BIR Form 1709.

* * *



JONATHAN AMANTE
ACE DUMAGUETE
DOCTORS

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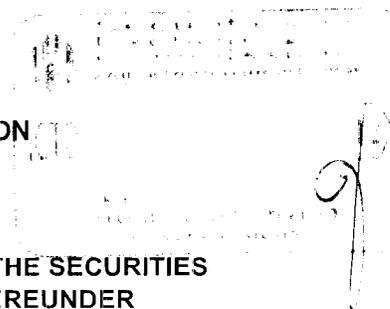
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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



- 1. For the quarterly period ended ...March 31, 2021
- 2. Commission identification number... CS201506626 3. BIR Tax Identification No.. 008-997-532-000
- 4. Exact name of issuer as specified in its charter Allied Care Experts (ACE) Dumaguete Doctors Inc
- 5. Province, country or other jurisdiction of incorporation or organizationDumaguete, Philippines
- 6. Industry Classification Code: (SEC Use Only)
- F. Cimafranca St, Daro, Dumaguete, Philippines 6200
- 7. Address of issuer's principal office Postal Code
- (035)421-2119
- 8. Issuer's telephone number, including area code
-N/A
- 9. Former name, former address and former fiscal year, if changed since last report
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	160,760 shares; Php160,760,000
Founder Shares	600 shares; Php600,000

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

Yes [] No [x]

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

12. Indicate by check mark whether the registrant:

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

Yes [x] No []

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

Yes [x] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. *Please see attachment.*

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

The following table shows the financial highlights of the Company for the three months ended March 31, 2021 and 2020:

	<i>As of March 31 (In Thousands)</i>	
	<i>2021</i>	<i>2020</i>
Income Statement Data		
Total Revenues	81,920,470	66,470,197
Gross Profit	24,629,370	31,089,352
Operating Income (Loss)	(4,570,515)	(10,049,817)
Net Income (Loss)	(12,035,824)	(17,411,247)

Revenues in 2021 increased as a result of high COVID census. In the first quarter of 2020, the COVID19 pandemic started that led the government to impose quarantine and lockdowns. Due to this, patient census decreased especially pediatric patients. Net loss decreased in 2021 as a result of the strict monitoring of management of the expenses incurred and charging to patients.

Key Performance Indicators

	Mar. 31 2020	Dec. 31, 2020	Dec. 31, 2019
a. CURRENT RATIO = Current assets / Current liabilities	0.44	0.45	0.55
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 2021 decreased as net result of the increase in accounts receivable and payable..			
b. DEBT TO EQUITY RATIO = Debt / Equity	2.45	2.36	3.00
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 2021 increased as a net effect of the payment of payables and net loss incurred during the period.			
c. DEBT TO TOTAL ASSET RATIO = Debt / Asset	0.71	0.71	0.75
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 2021 has retained at 0.71.			
d. ASSET TO EQUITY RATIO = Assets / Equity	3.45	3.36	4.00

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 2021 increased due to the net loss incurred during the period, decrease in cash and fixed assets.

Financial Position

Balance Sheet Items – March 31, 2021 compared to December 31, 2020

Cash increased in 2021 due to the net effect of the availment of short-term loans, payment of outstanding loans in the first quarter, additional advances from shareholders, increase in share capital, cash receipts from operations and disbursement for payment to suppliers of hospital supplies.

Advances to suppliers increased during the period. The Company has made various advances/down payment to suppliers for medical equipment not yet received as of December 31, 2021. Additional advances to suppliers also pertain to unliquidated down payment for the purchase of various medical supplies.

Accounts and other receivables increased due to the receivables from HMOs, PhilHealth, various LGUs and in-patients. Majority of the accounts and other receivables pertain to PhilHealth receivable.

Inventories increased slightly during the period since the Company is already purchasing medicines instead of buying thru consignment basis..

Property and equipment decreased during the period which was mainly due to depreciation expense. There were only minimal purchases of equipment during the year.

Accounts payable and other liabilities decreased during the period as a result of the on-time payment to suppliers compared in 2021.

Advances from shareholders increased due to the availment of additional advances from shareholders during the period.

Deficit increased due to the net loss in the first quarter of 2021

Income Statement – March 31, 2021 compared to 2020

Revenues significantly increased in 2021. This is mainly due to the pandemic. Patient census in the first quarter of 2021 increased compared to that of 2020.

Direct Costs increased in 2021 as a direct result of the increase in revenues of the Company. Salaries, professional fees, depreciation as well as supplies for operations increased during the year.

General and administrative expenses decreased in 2021 as a direct result of the operations of the Company. Majority of the increase is attributable to the decrease in salaries and allowances since in 2020, the medical department had overtime due to the pandemic and lack of nurses in the hospital

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

JONATHAN C. AMANTE
President

AEJELETH B. EYAS
Corporate Secretary

DARYL M. APLA-ON
Corporate Treasurer

NOTE: There is no "Comptroller" position in the existing organizational structure of ACE Dumaguete Doctors.

Allied Care Experts (ACE) Dumaguete Doctors Inc.

Financial Statements

March 31, 2021 and December 31, 2020

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

ASSETS	<i>Notes</i>	March 31, 2021	December 31, 2020
CURRENT ASSETS			
Cash	<i>6</i>	6,978,478	18,004,975
Accounts and other receivables	<i>7</i>	34,081,434	31,285,309
Inventories	<i>8</i>	38,979,984	38,496,389
Prepayments and other current assets		6,721,419	3,133,078
		86,761,315	90,919,751
NONCURRENT ASSETS			
Advances to suppliers	<i>9</i>	14,485,071	13,214,250
Advances to contractors	<i>9</i>	13,475,205	13,475,205
Property and equipment (net)	<i>10</i>	804,118,702	814,296,760
Intangible assets	<i>5</i>	100,000	100,000
Deferred tax assets	<i>19</i>	963,603	963,602
Other noncurrent assets		16,000	16,000
		833,158,581	842,065,817
TOTAL ASSETS		919,919,897	932,985,568
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	<i>11</i>	85,208,909	90,378,757
Income tax payable	<i>19</i>	768,101	768,101
Notes payable - current portion	<i>12</i>	111,841,009	111,841,009
		197,818,020	202,987,867
NONCURRENT LIABILITIES			
Notes payable - net of current portion	<i>12</i>	404,825,657	404,825,657
Advances from shareholders	<i>13</i>	50,895,954	46,755,954
		455,721,611	451,581,611
TOTAL LIABILITIES		653,539,630	654,569,478

Balance forwarded

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

	<i>Notes</i>	March 31, 2021	December 31, 2020
<i>Forwarded balance</i>			
EQUITY			
Share capital	<i>14</i>	161,360,000	161,360,000
Share premium	<i>14</i>	215,840,000	215,840,000
Deficit		(110,819,734)	(98,783,910)
		266,380,266	278,416,090
TOTAL LIABILITIES AND EQUITY		919,919,897	932,985,568
<i>See accompanying Notes to Financial Statements</i>			

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

	<i>Notes</i>	For the three months ended March 31	
		2021	2020
REVENUES, net	<i>15</i>	81,920,470	66,470,197
DIRECT COSTS	<i>16</i>	57,291,101	35,380,846
GROSS INCOME		24,629,370	31,089,352
GENERAL AND ADMINISTRATIVE EXPENSES	<i>18</i>	29,199,884	41,139,168
NET OPERATING LOSS		(4,570,515)	(10,049,817)
FINANCE COST	<i>12,13</i>	7,465,310	7,361,431
NET LOSS FOR THE PERIOD		(12,035,824)	(17,411,247)
OTHER COMPREHENSIVE INCOME (LOSS) DURING THE PERIOD		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(12,035,824)	(17,411,247)

See accompanying Notes to 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
EQUITY				
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)
As at December 31, 2020	161,360,000	215,840,000	(98,783,910)	278,416,090
Net loss for the period	-	-	(12,035,824)	(12,035,824)
As at March 31, 2021	161,360,000	215,840,000	(110,819,734)	266,380,266

See accompanying Notes to Financial Statements

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

	<i>Notes</i>	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before income tax		(12,089,968)
Adjustments to reconcile net loss before income tax to net cash provided by(used in) operating activities:		
Depreciation	<i>10,16,18</i>	12,155,472
Interest expense	<i>12</i>	7,465,310
Interest income	<i>6,17</i>	
Operating cash flows before changes in working capital		7,530,814
Changes in working capital components:		
Decrease (increase) in current assets:		
Accounts and other receivables	<i>7</i>	(2,796,125)
Inventories	<i>8</i>	(483,594)
Prepayments and other current assets		(3,588,342)
Increase (decrease) in current liabilities:		
Accounts payable and other liabilities	<i>11</i>	(5,169,848)
Net cash generated from (used in) operations		(4,507,095)
Payment of income tax		-
Interest received	<i>6,17</i>	-
Net cash provided by (used in) operating activities		(4,507,095)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Advances to suppliers	<i>9</i>	(1,270,821)
Advances to contractors	<i>9</i>	-
Additions to property and equipment	<i>10,16,18</i>	(1,977,414)
Additions to construction in progress		-
Additions to intangible asset		-
Net cash used in investing activities		(3,248,235)

Balance forwarded

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

<i>Notes</i>	For the three months ended March 31
	2021
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds of notes payable	12
Payment of principal loans	12
Payment of interest expense	12 (7,465,310)
Proceeds from (payment of)	
advances from shareholders	13 4,140,000
Increase in share capital	14
Additional paid-in capital	14
Net cash provided by financing activities	(3,325,310)
NET INCREASE (DECREASE) IN CASH	(11,026,497)
CASH, beginning of the period	18,004,975
CASH, end of the period	6 6,978,478

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2021 and December 31, 2021 and for the three months ended March 31, 2021 and 2020(Amounts in Philippine Peso)

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.

In 2019, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 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 Corporation 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 abeyance of 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

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

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.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD**Adoption of New and Revised Accounting Standards Effective in 2020**

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. 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 the same way it would account for the change applying PFRS 16 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 of 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 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

From the issuer of these assets' point-of-view, as a consensus, the following accounting treatments are suggested:

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:
 - i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
 - ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
 - iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
 - iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

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, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform -- Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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 statement of comprehensive income, 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 statement of comprehensive income 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.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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 statement 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 and 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (Addendum to PIC Q&A 2018-12-D), PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, Confirming Changes to PIC Q&As – Cycle 2019

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, <i>Leases</i> , for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, <i>Investment Property</i> , has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, <i>Leases</i> , and Philippines Interpretation SIC-15, <i>Operating Leases - Incentives</i>
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, <i>Separate Financial Statements</i>) in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the

step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFIS) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFIS Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation (“ARO”)

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

- a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.
- b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company’s financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, *Determining the current portion of an amortizing loan/lease liability*

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the Lease Term*

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee’s right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, Conforming Changes to PIC Q&As – Cycle 2020

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (Addendum to PIC Q&A 2018-12-D), PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have FOC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, PFRS 16 - Accounting for payments between and among lessors and lessees

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1	Lessor pays old lessee - lessor intends to renovate the building	<p>i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term.</p> <p>ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs</p>	<p>i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease.</p> <p>ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-</p>		<ul style="list-style-type: none"> • PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	<p>i. Finance lease:</p> <ul style="list-style-type: none"> • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. <p>ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis or another systematic basis.</p>		<p>i. Record as a deduction to the cost of the right-of-use asset.</p> <p>ii. Lease incentive receivable is also included as reduction in measurement of lease liability.</p> <p>iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.</p>	<ul style="list-style-type: none"> • PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		<p>i. Same as in fact pattern 1C.</p> <p>ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold</p>	<ul style="list-style-type: none"> • Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

	Treatments in the financial statements of				Basis
	Transaction	Lessor	Old lessor	New Lessee	
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	<p>i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets</p> <p>ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.</p>		Recognize as part of the cost of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of- use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

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

NOTE 4 - 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 statement 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.

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.

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)

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 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 statement 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 statement of financial position at fair value with net changes in fair value recognized in the statement 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 statement 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 statement 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.

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.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders (see Notes 11, 12, and 13).

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 statement of comprehensive income.

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.

Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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 statement of financial position comprises 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.

Inventories

Inventories are initially measured at cost. Cost includes all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories 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, inventories are assessed for impairment. If inventory 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 statement of comprehensive loss.

All inventories 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 statement of comprehensive income.

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

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

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 Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

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 measured at par value for all shares issued.

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.

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

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.

Cost and Expense Recognition

Cost 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. Cost 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.

Cost and expenses in the statements of comprehensive 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 statement of income 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 fund 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 statement of income, 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 end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

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.

Critical Judgments in Applying the 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:

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (₱). It is the currency that mainly influences the Company's operations.

Classification of Financial Instrument

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definition 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 statement of financial position.

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

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 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 calculates 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

Property and equipment is 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, subheadings *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:

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:

Categories	Estimated Useful Life
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 March 31, 2021 and December 31, 2020, the Company's property and equipment had carrying amounts of ₱804,118,702 and ₱814,296,760, respectively, as disclosed in Note 10. Total accumulated depreciation as at March 31, 2021 and December 31, 2020 amounted to ₱91,228,211 and ₱79,072,739, respectively, as disclosed in Note 10.

Asset impairment other than goodwill

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and

equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at March 31, 2021 and December 31, 2020, Management believes that the recoverable amounts of the Company's property and equipment and intangible assets approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

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 ₱963,602 as at March 31, 2021 and December 31, 2020.

Deferred tax assets with full valuation allowance as at March 31, 2021 and December 31, 2020 amounted to ₱26,955,983.

Estimating loss allowance for expected credit losses

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

As at March 31, 2021 and December 31, 2020, Management believes that there are no expected credit losses in relation to their accounts and other receivables, accordingly, no loss allowance was recognized for the year. Total accounts and other receivables as at March 31, 2021 and December 31, 2020 amounted to ₱34,081,434 and ₱31,285,309, respectively (see Note 7).

NOTE 6 - CASH

The account consists of:

	March 31, 2021	December 31, 2020
Cash on hand	1,023,123	1,889,733
Cash in banks	5,955,355	16,115,242
	6,978,478	18,004,975

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

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.

NOTE 7 - ACCOUNTS AND OTHER RECEIVABLES

This account consists of:

	March 31, 2021	December 31, 2020
Due from PhilHealth ¹⁾	27,959,779	22,461,559
Due from HMOs ¹⁾	2,227,030	4,442,115
Accounts receivables ²⁾	3,007,721	3,571,911
Advances to officers and employees	139,623	139,623
Other receivables	747,280	670,101
	34,081,434	31,285,309

¹⁾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).

²⁾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).

NOTE 8 - INVENTORIES

The account consists of:

	March 31, 2021	December 31, 2020
Inventories Held for Consumption:	19,378,720	
Medical and laboratory supplies ¹⁾		23,327,483
General hospital maintenance supplies ²⁾	1,323,491	1,334,199
	20,702,211	24,661,682
Drugs and medicines inventory for sale - Pharmacy	18,277,773	13,834,707
	38,979,984	38,496,389

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

²⁾General hospital maintenance supplies pertain to purchases of cleaning and sanitation supplies for the hospital upkeep and general housekeeping.

NOTE 9 - ADVANCES TO SUPPLIERS AND CONTRACTORS

This account consists of:

	March 31, 2021	December 31, 2020
Advances to suppliers ¹⁾	14,485,071	13,214,250
Advances to contractors ²⁾	13,475,205	13,475,205
	27,960,276	26,689,455

¹⁾Advances to suppliers represents payments made to suppliers of medical equipment, accounting system and hospital supplies not yet delivered during the year.

²⁾Advances to contractors represents hospital elevators already paid in full but not yet turned-over by the contractor as of reporting date.

NOTE 10 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at March 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
Cost:						
At beginning of period	53,318,860	607,779,502	202,649,926	1,775,000	27,846,211	893,369,499
Additions	-	-	1,806,943	-	170,471	1,977,414
At end of period	53,318,860	607,779,502	204,456,869	1,775,000	28,016,682	895,346,913
Accumulated depreciation:						
At beginning of period	471,750	23,378,443	45,427,166	644,555	9,150,825	79,072,739
Depreciation	27,750	2,955,961	7,721,408	95,083	1,355,268	12,155,472
At end of period	499,500	26,334,404	56,485,574	739,638	10,506,093	91,228,211
Net carrying value, March 31, 2021	52,819,360	581,445,098	151,308,295	1,035,361	17,510,587	804,118,702

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
Cost:						
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
At end of year	53,318,860	607,779,502	202,649,926	1,775,000	27,846,211	893,369,499
Accumulated depreciation:						
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
At end of year	471,750	23,378,443	45,427,166	644,555	9,150,825	79,072,739
Net carrying value, December 31, 2020	52,847,110	584,401,059	157,222,760	1,130,445	18,695,386	814,296,760

In 2019, the Company commenced the start-up launch (soft opening) of the hospital operations and available facilities, hence the Construction-in-progress was reclassified to building account.

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 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 as disclosed in Note 12. The fair market value of the land as at March 31, 2021 and December 31, 2020 approximates its cost.

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

NOTE 11 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	March 31, 2021	December 31, 2020
Accounts payable – suppliers ¹⁾	36,134,910	35,270,601
Accrued expenses ²⁾	32,646,589	37,643,097
Retention payable ³⁾	13,049,923	13,055,412
Accrued interest payable ⁴⁾	2,097,910	2,841,041
Government liabilities ⁵⁾	1,279,577	1,568,606
	85,208,909	90,378,757

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

²⁾Accrued expenses pertain to unpaid expenses incurred during the year.

³⁾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.

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

⁵⁾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.

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 totaling **₱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 can be 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.

In December 18, 2019, the Company obtained a short-term loan facility amounting to **₱50,000,000** to augment working capital requirement of the hospital operations payable in lump sum upon maturity. Interest on loan is at Landbank's prevailing interest 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 is classified as follows:

	March 31, 2021	December 31, 2020
Notes payable - current portion	111,841,009	111,841,009
Notes payable - noncurrent portion	404,825,657	404,825,657
At end of period	<u>516,666,666</u>	<u>516,666,666</u>

Breakdown of the notes payable is as follows:

	March 31, 2021	December 31, 2020
Construction of hospital building	382,000,000	382,000,000
Medical equipments and hospital furniture	91,666,666	91,666,666
Working capital requirement	43,000,000	43,000,000
	<u>516,666,666</u>	<u>516,666,666</u>

During the period, finance costs pertaining to these notes were charged to profit and loss statement. Majority of previous years finance cost 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, 2020 and 2019:

Category	Outstanding	Amount of Outstanding		Terms	Conditions
	Balance	Transactions	Balance		
	2020	2021	2021		
Advances from shareholders:					
Non-interest-bearing Advances				Non-interest-bearing, to be	Unsecured, unguaranteed,
from shareholders	24,555,954	4,140,000	28,695,954	paid in cash (a)	not impaired
Interest bearing Advances from				Interest-bearing, to be	Unsecured, unguaranteed,
shareholder	22,200,000	--	22,200,000	paid in cash (b)	not impaired
	<u>46,755,954</u>	<u>4,140,000</u>	<u>50,895,954</u>		

Category	Outstanding	Amount of Outstanding		Terms	Conditions
	Balance	Transactions	Balance		
	2019	2020	2020		
Advances from shareholders:					
Non-interest-bearing Advances				Non-interest-bearing, to be	Unsecured, unguaranteed,
from shareholders	107,360,954	(82,805,000)	24,555,954	paid in cash (a)	not impaired
Interest bearing Advances from				Interest-bearing, to be	Unsecured, unguaranteed,

shareholders	17,792,145	4,407,855	22,200,000 paid in cash (b)
	125,153,099	(78,397,145)	46,755,954

(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.

NOTE 14 - SHARE CAPITAL

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

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

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

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

As at March 31, 2021 and December 31, 2020, the Company has fifty-three (53) shareholders, each owning 100 or more shares of the Company's shares of stock. Founder's 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 Founder's shares shall have the same rights and privileges as holders of common shares.

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 three months ended are as follows:

	March 31, 2021	March 31, 2020
Hospital fees	60,201,978	73,796,242
Sale of drugs and medicines	16,241,308	
Laboratory fees	16,248,428	
	92,691,714	73,796,242
Less: Discounts and allowances	10,771,244	7,326,045
	81,920,470	66,470,197

NOTE 16 - DIRECT COSTS

This account consists of supplies and consumables, salaries and allowances, professional fees, depreciation, utilities.

NOTE 18 - GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	<i>Notes</i>	March 31, 2021	March 31, 2020
Salaries and allowances		14,620,253	18,313,055
Communication, light and water		2,907,483	3,161,932
Depreciation	<i>10</i>	4,434,063	4,280,005
Janitorial and housekeeping services		1,231,442	2,283,791
Supplies/consumables		2,101,588	1,487,828
SSS, PHIC and HDMF contributions		1,426,276	1,215,894
Security Services		579,254	636,247
Taxes and licenses		391,353	227,981
Advertising and promotion		431,678	3,500
Board meetings and meals	<i>13</i>	290,500	153,360
Professional fees		197,841	8,584,406
Laundry expense		71,109	157,988
Repairs and maintenance		160,511	74,237
Fuel and oil		72,185	77,088
Uniform expense		15,215	59,778
Transportation and travel	<i>13</i>	33,465	76,989
Employee training expense		12,320	60,117
Rental		17,180	7,300
Freight and handling expense		6,452	4,215

Fines and penalties	1,000	
Miscellaneous expenses	198,716	273,457
	29,199,884	41,139,168

NOTE 20 - CREATE ACT

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

1. Reduction of the Corporate Income Tax rate from 30% to 20% 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) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

NOTE 22 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

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 Company's financial instruments that are interest-bearing are its cash in banks, notes payable and interest-bearing advances from shareholders.

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial asset has short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

Interest-bearing advances from shareholder do not present significant interest rate risk as these are subject to fixed rates (see Note 13).

The Company's notes payable is exposed to fixed interest rate based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Accounts and other receivables

The Company has no significant concentrations of credit risk on accounts and other receivables. The Company's accounts and other receivables are actively monitored to avoid significant

concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's accounts and other receivables.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

NOTE 23 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are the same.

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to short-term maturities, cash, accounts and other receivables, and accounts payable and other liabilities, their carrying amounts approximate their fair values.

The fair value of notes payable approximates its carrying 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 a 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.

NOTE 24 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The loan agreement 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.