

**ALLIED CARE EXPERTS (ACE)
DUMAGUETE DOCTORS INC
SEC 17A**

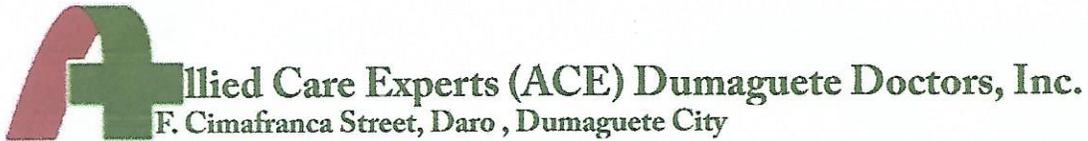
Online Certification

I, Aejeleth B. Eyas, Corporate Secretary, is a duly authorized representative of Allied Care Experts (ACE) Dumaguete Doctors Inc. with SEC registration number CS201506626 with principal office at F. Cimafranca St., Daro, Dumaguete City, do hereby certify and state that:

- 1) The Allied Care Experts (ACE) Dumaguete Doctors Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CFGD) in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in the SEC Form 17A submitted online and submitted on June 30, 2020 is true and correct to the best of my knowledge.
- 3) On behalf of Allied Care Experts (ACE) Dumaguete Doctors Inc., I hereby undertake to a) submit hard or physical copies of SEC Form 17A with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable) within ten (10) calendar days from the date of the lifting of the **Community Quarantine** period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within then (10) calendar days from the lifting of **Community Quarantine** period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on June 29, 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



Aejeleth B. Eyas
Corporate Secretary
TIN # 940-647-174



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 amended financial statements including the schedules attached therein, for the year ended December 31, 2019, 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 amended 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 amended 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, 2019, who were appointed by the stockholders, have audited the amended 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. Roy Diamond M. Arco
Treasurer

Signed this 22nd day of JUNE 2020

SUBSCRIBED AND SWORN TO
BEFORE ME THIS JUN 23, 2020 IN
THE CITY OF DUMAGUETE, NEGROS
ORIENTAL, PHILIPPINES.

BOOK NO. 104
SERIES OF 2020

ARONAN JOSEPH B. PINILI
NOTARY PUBLIC OF DUMAGUETE CITY
OFFICIAL No. 2019-004
ROLL No. 52

**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 Amended Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the amended 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 amended audited financial statements for the year ended December 31, 2019 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 amended financial statements pursuant to financial accounting standards and the preparation of the amended income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Dr. Amado Manuel C. Enriquez
Chairman of the Board

Dr. Jonathan C. Amante
President

Dr. Roy Diamond M. Arco
Treasurer

SUBSCRIBED AND SWORN TO
BEFORE ME THIS JUN 23 2020 IN
THE CITY OF DUMAGUETE, NEGROS
ORIENTAL, PHILIPPINES.

Signed this 22ND day of JUNE 2020

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

Financial Statements

December 31, 2019, 2018 and 2017

and

Independent Auditors' Report



**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, 2019, on which we have rendered the attached report dated June 22, 2020.

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. MKT 8156051

January 22, 2020

June 22, 2020
Makati City
Philippines



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, 2019 and 2018, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended December 31, 2019, 2018 and 2017, 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended December 31, 2019, 2018 and 2017 are 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, 2019 and 2018, 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 Commissionaire 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. MKT 8156051

January 22, 2020

June 22, 2020
Makati City
Philippines

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

ASSETS	<i>Notes</i>	December 31,	
		2019	2018
CURRENT ASSETS			
Cash	<i>6</i>	16,792,618	52,247,416
Advances to suppliers	<i>7</i>	12,271,917	31,611,150
Advances to contractors	<i>7</i>	13,475,205	53,767,188
Accounts and other receivables	<i>8</i>	13,047,409	139,623
Inventories	<i>9</i>	23,763,500	2,018,549
Prepayments and other current assets		1,237,448	150,000
		80,588,097	139,933,926
NONCURRENT ASSETS			
Property and equipment (net)	<i>10</i>	827,495,861	181,696,928
Construction in progress	<i>11</i>	-	475,146,596
Other noncurrent assets	<i>19</i>	211,501	16,000
		827,707,362	656,859,524
TOTAL ASSETS		908,295,459	796,793,450
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	<i>12</i>	93,533,760	39,278,069
Income tax payable	<i>19</i>	195,501	-
Notes payable - current portion	<i>13</i>	54,611,116	18,271,951
		148,340,377	57,550,020
NONCURRENT LIABILITIES			
Notes payable - net of current portion	<i>13</i>	407,722,217	392,828,049
Advances from shareholders	<i>14</i>	125,153,099	220,214,830
		532,875,316	613,042,879
TOTAL LIABILITIES		681,215,693	670,592,899

Balance forwarded

Forwarded balance

EQUITY

Share capital	<i>15</i>	156,640,000	150,000,000
Share premium	<i>15</i>	126,160,000	-
Deficit		(55,720,234)	(23,799,449)
		227,079,766	126,200,551

TOTAL LIABILITIES AND EQUITY **908,295,459** 796,793,450

See accompanying Notes to Financial Statements

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

		For the years ended December 31,		
	<i>Notes</i>	2019	2018	2017
REVENUES, net	<i>16</i>	108,297,120	-	-
DIRECT COSTS	<i>17</i>	98,522,067	-	-
GROSS PROFIT		9,775,053	-	-
OTHER INCOME	<i>6</i>	12,722	65,957	308,746
GROSS INCOME		9,787,775	65,957	308,746
GENERAL AND ADMINISTRATIVE EXPENSES	<i>18</i>	35,240,351	17,195,697	4,177,977
NET OPERATING LOSS		(25,452,576)	(17,129,740)	(3,869,231)
FINANCE COST	<i>13,14</i>	6,468,209	230,795	-
NET LOSS BEFORE INCOME TAX		(31,920,785)	(17,360,535)	(3,869,231)
INCOME TAX EXPENSE	<i>19</i>	-	-	-
NET LOSS FOR THE YEAR		(31,920,785)	(17,360,535)	(3,869,231)
OTHER COMPREHENSIVE INCOME (LOSS) DURING THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(31,920,785)	(17,360,535)	(3,869,231)
BASIC LOSS PER SHARE	<i>20</i>	(203.78)	(115.74)	(32.24)

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 15)	Share Premium	Deficit	Total
EQUITY				
As at January 1, 2017	120,000,000	-	(2,569,683)	117,430,317
Net loss for the year	-	-	(3,869,231)	(3,869,231)
As at December 31, 2017	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

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,		
		2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		(31,920,785)	(17,360,535)	(3,869,231)
Adjustments to reconcile net loss before income tax to net cash provided by (used in) operating activities:				
Depreciation	<i>10</i>	30,962,107	1,009,161	167,778
Interest expense	<i>13</i>	6,468,209	230,795	-
Interest income	<i>6</i>	(12,722)	(65,957)	(308,746)
Operating cash flows before changes in working capital		5,496,809	(16,186,536)	(4,010,199)
Changes in working capital components:				
Decrease (increase) in current assets:				
Advances to suppliers	<i>7</i>	19,339,233	10,270,579	(28,709,488)
Advances to contractors	<i>7</i>	40,291,983	(1,193,640)	(42,536,890)
Accounts and other receivables	<i>8</i>	(12,907,787)	(139,623)	-
Inventories	<i>9</i>	(21,744,951)	(2,018,549)	-
Prepayments and other current assets		(1,087,448)	-	687,455
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	<i>12</i>	54,255,692	19,370,139	(392,750)
Net cash generated from (used in) operations		83,643,531	10,102,370	(74,961,872)
Interest received	<i>6</i>	12,722	65,957	308,746
Net cash provided by (used in) operating activities		83,656,253	10,168,327	(74,653,126)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	<i>10</i>	(90,568,791)	(124,271,810)	(5,509,984)
Additions to construction in progress	<i>11</i>	(111,045,653)	(188,450,451)	(168,194,351)
Decrease in other noncurrent asset		-	-	7,018,812
Net cash used in investing activities		(201,614,444)	(312,722,261)	(166,685,523)

Balance forwarded

Forwarded balance

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from deposit for future subscription		-	-	30,000,000
Proceeds of notes payable	<i>13</i>	68,900,000	271,100,000	127,000,000
Payment of principal loans	<i>13</i>	(17,666,667)	-	-
Payment of interest expense	<i>13</i>	(6,468,209)	(230,795)	-
Proceeds from (payment of) advances from shareholders	<i>14</i>	(95,061,731)	20,362,135	18,240,695
Increase in share capital	<i>15</i>	6,640,000	-	-
Additional paid-in capital	<i>15</i>	126,160,000	-	-
Net cash provided by financing activities		82,503,393	291,231,340	175,240,695
NET DECREASE IN CASH		(35,454,798)	(11,322,594)	(66,097,954)
CASH, beginning of the year		52,247,416	63,570,010	129,667,964
CASH, end of the year		16,792,618	52,247,416	63,570,010

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2019, 2018 and 2017

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

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.

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).

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

The accounting standards adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 01, 2019. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

-) PFRS 16, *Leases*
-) Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
-) Amendment to PAS 19, *Employee Benefits Plan Amendment, Curtailment or Settlement*
-) Amendment to PAS 28, *Long – term Interest in Associates and Joint Ventures*
-) Philippine Interpretation IFRIC – 23, *Uncertainty over Income Tax Treatments*
-) Annual Improvements to PFRSs 2015 – 2017 Cycle
 -) Amendments to PFRS 3, *Business Combinations*
 -) PFRS 11, *Joint Arrangements Previously Held Interest in Joint Operation*
 -) Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 -) Amendments to PAS 23, *Borrowing Cost, Borrowing Cost Eligible for Capitalization*

New Accounting Standards Effective after the Reporting Period Ended December 31, 2019

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 Company does not expect significant impact relative to these amendments.

Amendments to PFRS 3, *Definition of a 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 definition 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 cost;
-) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
-) removed 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 combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The Company does not expect significant impact relative to these amendments.

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)

Cryptographic assets other than Cryptocurrencies, 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 suggests to report Cryptographic assets in the financial statements as either (i) Cryptocurrencies held by an entity, or (ii) Cryptographic assets other than cryptocurrencies.

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

- J Cryptocurrencies held by an entity can be treated either as (i) Inventory under PAS 2, or (ii) Intangible asset under PAS 38.
- J Cryptographic assets other than Cryptocurrencies, 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 a significant impact on the Company’s financial statements as the Company does not have cryptographic assets.

PIC Q&A No. 2019 – 03, PFRS 15, *Revenue from Contracts with Customers – Revenue Recognition guidance for Sugar Millers*

The interpretation clarifies the revenue recognition of Sugar Milling Companies under: (i) Output Sharing Agreement, and (ii) Cane Purchase Agreement.

Under Output Sharing Agreement, revenue recognition commences upon conversion of Planter’s cane into raw sugar. Further, unsold raw sugar owned by the Miller shall be accounted for as inventory in accordance with PAS 2, *Inventories*.

Under Cane Purchase Agreement, revenue recognition commences upon transfer of control, at a point in time, to customer or buyer of a sale transaction. Further, the cost of purchased canes shall be treated either as production or milling cost of the Miller.

The interpretation is effective for periods beginning on or after March 28, 2019.

The Company does not expect a significant impact relative to this interpretation as the said revenue stream is not relevant to the principal business activity of the Company.

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

The Company measures financial instruments at fair value at each reporting date.

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), advances to contractors, advances to suppliers, and accounts and other receivables as at December 31, 2019 (see Notes 6, 7 and 8).

Financial assets at fair value through OCI (debt instruments)

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

The Company does not have debt instruments at FVOCI 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 FVOCI 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 derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if; the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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.

Write-off

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

Financial Liabilities

Initial Recognition and Measurement

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

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

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), notes payable and advances from shareholders (see Notes 12, 13 and 14).

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 the statements of comprehensive 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)

This is the category most relevant to the Company. 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 12, 13 and 14).

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 comprise of cash in banks and on hand, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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.

Advances to a related party on the other hand, is recognized if an amount of consideration that is unconditional is due from a related party (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets earlier discussed.

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 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.

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that any of its tangible assets may 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. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units (CGUs), or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Equity

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.

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

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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.

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.

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.

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.

Taxation

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

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT), whichever is higher.

Deferred tax

Deferred tax is recognized on temporary 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss 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.

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 comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the 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 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in 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. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's cost of operation, and in effect, its revenue.

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.

Key Sources of Estimation Uncertainty

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

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 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 property and equipment 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, 2019, and 2018, the Company's property and equipment had carrying amounts of ₱827,495,861 and ₱181,696,928, respectively, as disclosed in Note 10. Total accumulated depreciation as at December 31, 2019 and 2018 amounted to ₱32,182,957 and ₱1,220,850, 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 December 31, 2019, and 2018, Management believes that the recoverable amounts of the Company's property and equipment approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

Deferred tax assets

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 the Company's management's assessment of the probability of available future taxable income against which the temporary difference can be applied. The components of deferred income tax are shown in Note 19.

Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

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, 2019 and 2018, Management believes that there are no expected credit losses in relation to their advances to contractors and advances to suppliers, accordingly, no loss allowance was recognized for the year. Total advances to contractors and advances to suppliers as at December 31, 2019 and 2018 amounted to ₱25,747,122 and ₱85,378,338, respectively (see Note 7).

NOTE 6 - CASH

The account consists of:

	2019	2018
Cash on hand	3,109,779	6,702
Cash in banks	13,682,839	52,240,714
	16,792,618	52,247,416

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 ₱12,722, ₱65,957 and ₱308,746 in 2019, 2018 and 2017, respectively and is presented as part of “other income” in the statement of comprehensive loss.

NOTE 7 - ADVANCES TO SUPPLIERS AND CONTRACTORS

This account consists of:

	2019	2018
Advances to suppliers ¹⁾	12,271,917	31,611,150
Advances to contractors ²⁾	13,475,205	53,767,188
	25,747,122	85,378,338

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 8 - ACCOUNTS AND OTHER RECEIVABLES

This account consists of:

	2019	2018
Due from PhilHealth ¹⁾	10,165,499	-
Accounts receivables ²⁾	2,076,737	
Due from HMOs ¹⁾	558,387	
Advances to officers and employees	139,623	139,623
Other receivables	87,163	-
	13,047,409	139,623

¹⁾This account pertains to reimbursements for hospital expenses and doctors' fees availed by patients who are members of the Philippine Health Insurance Corporation and Health Maintenance Organization.

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 9 - INVENTORIES

The account consists of:

	2019	2018
Inventories Held for Consumption:		
Medical and laboratory supplies ¹⁾	18,501,556	519,268
General hospital maintenance supplies ²⁾	14,400	1,499,281
	18,515,956	2,018,549
Drugs and medicines inventory for sale - Pharmacy	5,247,544	-
	23,763,500	2,018,549

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 10 - PROPERTY AND EQUIPMENT (net)

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

	Land and Land Improvements	Building	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
Reclassifications (Note 11)	-	586,192,249	-	-	-	586,192,249
Additions	-	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 (Notes 17 and 18)	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 as at December 31, 2019	52,633,110	578,068,612	174,181,294	1,452,722	21,160,123	827,495,861

On March 28, 2019, the Company commenced the start-up launch (soft opening) of the hospital operations and available facilities, hence the Construction-in-progress was recognized or reclassified to Building account.

Depreciation expense is charge into two categories:

	Direct costs (Note 17)	General and Administrative Expenses (Note 18)	Total
Land and Land Improvements	-	111,000	111,000
Building	5,984,046	2,639,591	8,623,637
Medical Machineries and Equipment	18,388,778	-	18,388,778
Transportation Equipment	-	322,278	322,278
Office Equipment, Furnitures and Fixtures	-	3,516,414	3,516,414
	24,372,824	6,589,283	30,962,107

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

Reconciliation of property and equipment (net) as at December 31, 2018 is as follows:

	Land and Land Improvements	Medical Machineries and Equipment	Transportation Equipment	Office Equipment, Furnitures and Fixtures	Total
Cost:					
At beginning of year	52,993,860	2,784,200	1,585,000	1,282,908	58,645,968
Additions	-	109,097,954	-	15,173,856	124,271,810
At end of year	52,993,860	111,882,154	1,585,000	16,456,764	182,917,778
Accumulated depreciation:					
At beginning of year	138,750	-	-	72,939	211,689
Depreciation (Notes 17 and 18)	111,000	-	-	898,161	1,009,161
At end of year	249,750	-	-	971,100	1,220,850
Net carrying value as at December 31, 2018	52,744,110	111,882,154	1,585,000	15,485,664	181,696,928

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 is currently constructing a multidisciplinary specialty medical facility (hospital) (see Note 11) and is the subject of the real estate mortgage as disclosed in Note 13. The fair market value of the land as at December 31, 2019 and 2018 approximates its cost.

Management has reviewed the carrying values of property and equipment as at December 31, 2019 and 2018 for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

NOTE 11 - CONSTRUCTION-IN-PROGRESS

During the year, the Company started to commence its start-up operations thru soft opening of the hospital services and amenities to the public. Hence, the running balance of said account was reclassified to property and equipment account (see Note 10).

NOTE 12 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2019	2018
Accrued expenses ¹⁾	24,741,715	398,846
Accounts payable – suppliers ²⁾	45,936,444	16,328,211
Retention payable ³⁾	19,702,799	19,977,253
Accrued interest payable ⁴⁾	2,606,627	2,107,858
Government liabilities ⁵⁾	546,175	232,901
Other payables	-	233,000
	93,533,760	39,278,069

¹⁾Accrued expenses pertain to unpaid expenses incurred during the year.

²⁾Accounts payable – suppliers represent balances of medical equipment and hospital supplies purchased and delivered as of reporting date.

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 13).

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 13 - NOTES PAYABLE

The Landbank of the Philippines – Negros Lending Center extended 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 lumpsum 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:

	2019	2018
Notes payable - current portion	54,611,116	18,271,951
Notes payable - noncurrent portion	407,722,217	392,828,049
At end of year	462,333,333	411,100,000

Breakdown of the notes payable is as follows:

	2019	2018
Construction of hospital building	346,500,000	360,000,000
Medical equipments and hospital furniture	95,833,333	51,100,000
Working capital requirement	20,000,000	-
	462,333,333	411,100,000

Total finance costs incurred as at December 31 consists of:

	2019	2018	2017
Construction of hospital building	21,324,822	15,630,575	2,757,698
Medical equipments and hospital furniture	5,226,666	230,795	-
Working capital requirement	27,778	-	-
	26,579,266	15,861,370	2,757,698

Finance costs pertaining to the construction of the hospital building were capitalized to construction-in-progress account in the statements of financial position (see Note 10). On the other hand, finance costs relating to medical equipment and hospital furniture, and working capital requirement were charged to profit and loss statement.

NOTE 14 - 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, 2019 and 2018:

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	Terms	Conditions
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		

Category	Outstanding Balance 2017	Amount of Transactions 2018	Outstanding Balance 2018	Terms	Conditions
Advances from shareholders					
Non-interest-bearing Advances from shareholders	199,852,695	20,362,135	220,214,830	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired

(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

During the year, the Company acquired an unsecured interest-bearing advance from the shareholders 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 ₱1,213,765, ₱-0- and ₱-0- as at December 31, 2019, 2018 and 2017, respectively.

Key Management Personnel Compensation

Since the Company just started its operation, the Board of Directors (BOD) has not yet declared key management personnel compensation for the years 2019, 2018 and 2017, respectively. Instead, only per diem and plane fare allowance per meetings were given as per Board Resolutions dated September 6, 2015 (see Note 17).

The Company does not provide post-employment benefits plans and equity-based compensation benefits to any of its directors and executive officers.

NOTE 15 - SHARE CAPITAL

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

Details of share capital as at December 31, 2018 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

	No. of Shares	Amount
Subscribed share capital:		
Founder's shares	600	600,000
Common shares	149,400	149,400,000
Total subscribed share capital	150,000	150,000,000
Paid-up share capital:		
Founder's shares	600	600,000
Common shares	149,400	149,400,000
Total paid-up share capital	150,000	150,000,000

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 **SIX THOUSAND SIX HUNDRED FORTY (6,640)** common shares. The related share premium arising thereof, after deducting transaction costs associated with the issuance of shares amounted to ₱126,160,000. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one (1) block = ten (10) common shares].

In 2018, the SEC approved the increase in authorized share capital from **ONE HUNDRED TWENTY MILLION (₱120,000,000) PESOS to TWO HUNDRED FORTY MILLION (₱240,000,000) PESOS** divided into **TWO HUNDRED FORTY THOUSAND (240,000) SHARES** at **ONE THOUSAND (₱1,000) PESOS PER SHARE**.

As at December 31, 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 have the exclusive right to vote and be voted upon in for 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 16 - 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 December 31, 2019 is as follows:

	2019
Hospital fees	98,555,823
Sale of drugs and medicines	19,739,211
	118,295,034
Less: Discounts and allowances	(9,997,914)
	108,297,120

NOTE 17 - DIRECT COSTS

This account consists of the following:

	2019
Supplies/consumables	28,047,488
Depreciation (Note 10)	24,372,824
Professional fees	19,875,495
Salaries and allowances	19,147,593
Communication, light and water	5,601,227
SSS, HDMF and PHIC contribution	1,477,440
	98,522,067

No comparative information is presented as the Company only started its operations during the year

NOTE 18 - GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	<i>Notes</i>	2019	2018	2017
Salaries and allowances		7,593,692	4,307,339	330,426
Depreciation	10	6,589,283	1,009,161	167,778
Supplies/consumables		3,931,900	197,119	32,489
Janitorial and housekeeping services		2,511,746	12,495	-
Communication, light and water		2,400,526	3,706,529	24,300
Clothing and sewing expense		2,073,147	152,351	-
Transportation and travel	14	1,204,551	912,461	995,409
Employee training expense		1,080,108	594,802	-
Security Services		1,064,949	316,491	-
Taxes and licenses		883,279	1,748,411	23,585
Repairs and maintenance		873,893	3,345	26,436
Board meetings and meals	14	837,663	976,854	1,461,647
Freight and handling expense		690,686	4,140	9,660
SSS, PHIC and HDMF contributions		677,285	288,970	23,026
Laundry expense		425,914	-	-
Uniform expense		421,147	-	-
Professional fees		271,667	1,804,200	538,860
Rental		106,447	288,955	216,982
Fuel and oil		92,450	167,098	-
Advertising and promotion		12,500	-	20,377
Fines and penalties		8,000	2,000	119,114
Insurance expense		-	235,949	-
Miscellaneous expenses		1,489,518	467,027	187,888
		35,240,351	17,195,697	4,177,977

During the year, 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)	<i>Notes</i>	2019	2018	2017
Net loss before income tax		(31,920,785)	(17,360,535)	(3,869,231)
Add non-deductible expenses:				
Fines and penalties	<i>17</i>	8,000	2,000	119,114
Interest expense arbitrage		5,248	27,207	-
Interest expense paid to shareholders		1,213,765	-	-
Less non-taxable income:				
Interest income subjected to final tax	<i>6</i>	(12,722)	(65,957)	(308,746)
Net operating loss		(30,706,494)	(17,397,285)	(4,058,863)
Tax rate		30%	30%	30%
RCIT		-NIL-	-NIL-	-NIL-

II. Minimum Corporate Income tax (MCIT)	<i>Notes</i>	2019
Gross income		9,787,775
Less: Non-taxable income		
Interest income subjected to final tax	<i>6</i>	(12,722)
Adjusted gross income		9,775,053
Tax rate		2%
MCIT		195,501

In 2018 and 2017, as per National Internal Revenue Code (NIRC), the Company is not yet covered by the Minimum Corporate Income Tax (MCIT) since the Company has not yet started its commercial operation.

III. Tax Due (RCIT or MCIT whichever is higher)	2019
MCIT	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	195,501

IV. Deferred Tax Asset

As at December 31, 2019, 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
2016	2019	1,210,114	-	(1,210,114)	-	-
2017	2020	4,058,863	-	-	-	4,058,863
2018	2021	17,397,285	-	-	-	17,397,285
2019	2022	-	30,706,494	-	-	30,706,494
		22,666,262	30,706,494	(1,210,114)	-	52,162,642

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

Year incurred	Expiration date	At beginning of year	Additions	Expired	Claimed	At end of year
2019	2022	-	195,501	-	-	195,501

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

	2019	2018	2017
Net operating loss carry over (NOLCO)	52,162,642	22,666,262	6,877,287
Tax rate	30%	30%	30%
	15,648,793	6,799,879	2,063,186
MCIT	195,501	-	-
	15,844,294	6,799,879	2,063,186
Valuation allowance	(15,648,793)	(6,799,879)	(2,063,186)
	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 recorded as part of "other noncurrent assets" in the statements of financial position.

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2019	2018	2017
Loss attributable to ordinary shares	(31,920,785)	(17,360,535)	(3,869,231)
Divided by: Weighted average number of ordinary shares outstanding	156,640	150,000	120,000
Basic loss per share	(203.78)	(115.74)	(32.24)

There are no potential dilutive ordinary shares outstanding as at December 31, 2019, 2018 and 2017.

NOTE 21 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes foreign exchange risk and 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 foreign exchange rates and interest rates affect the Company's profit or the value of its financial instruments. The Company

focuses on two market risk areas such as foreign currency risk and 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 primary source of the Company's interest rate risk relates to cash in bank is subject to prevailing interest rates. Considering that such financial assets have short term maturities, the Company does not foresee any cash flow and fair value interest rate risks to have a significant impact on the Company's operations.

The Company's statement of comprehensive loss is not affected by the changes in interest rates as the interest-bearing liability instrument (notes payable) carry fixed interest rate and are measured at amortized cost and is capitalized to the qualifying assets during its construction period.

The Company has no established policy is 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.

Advances to suppliers, advances to contractors, and accounts and other receivables

The Company has no significant concentrations of credit risk on advances to suppliers and advances to contractors, and accounts and other receivables. The Company's advances to suppliers and advances to contractors, and 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 advances to suppliers and advances to contractors, and 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 as at December 31, 2019 and 2018:

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

December 31, 2018	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	39,045,168	-	39,045,168
Notes payable	18,271,951	392,828,049	411,100,000
Advances from shareholders	-	220,214,830	220,214,830
	57,317,119	613,042,879	670,359,998

*excluding government liabilities

NOTE 22 - 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:

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	13,682,839	13,682,839	52,240,714	52,240,714
Advances to suppliers	12,271,917	12,271,917	31,611,150	31,611,150
Advances to contractors	13,475,205	13,475,205	53,767,188	53,767,188
Accounts and other receivables	13,047,409	13,047,409	139,623	139,623
	52,477,370	52,477,370	137,758,675	137,758,675
Financial Liabilities				
Accounts payable and other liabilities	92,987,585	92,987,585	39,045,168	39,045,168
Notes payable	462,333,333	462,333,333	411,100,000	411,100,000
Advances from shareholders	125,153,099	125,153,099	220,214,830	220,214,830
	680,474,017	680,474,017	670,359,998	670,359,998

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 petty cash funds and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to short-term maturities, cash, advances to suppliers, advances to contractors, accounts and other receivables, accounts payable and other liabilities and deposit for future subscription, 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 23 - 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:

	2019	2018
Total liabilities	681,215,693	670,592,899
Total equity	227,079,766	126,200,551
	3.00 : 1	5.31 : 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 with except for the required financial ratios wherein the financial institution was made aware of since the Company has just started commercial operations.

NOTE 24 - EVENTS AFTER REPORTING DATE

COVID-19, an infectious disease caused by a novel Coronavirus is exponentially spreading illness throughout the globe and has been recognized as a global pandemic by the World Health Organization (WHO). The various governments worldwide have taken drastic measures, including locking down of entire country to reduce the impact of this catastrophe.

In Asia, the Philippine government (the "government") was one of the first to enforce the wide-area Enhanced Community Quarantine (ECQ) as a matter of national interest and policy to address the impending outbreak and cushion the impact of the coronavirus crisis to the constituents, including the business sector. Thus, on March 16, 2020, as per the advice of health authorities, the government

directed the entire population of Luzon to stay home, observe social distancing and to wear a mask when outside their homes, to contain the spread of COVID-19.

This directive of the government to contain the public health risk is disrupting supply chain and affecting production and sales across a range of businesses with the sudden fall in demand for products and services, labor shortage and supply interruptions due to the temporary mandated closure of business activities. To mitigate the impact of the COVID-19, the government issued ordinances to temporarily extend support to the business sector most especially during the ECQ period.

While Management is cognizant of the impact of the disruption caused by COVID-19 to be temporary, the adverse effects on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted.

Management is optimistic that notwithstanding the adverse effects of the temporary closure brought about by the ECQ, the Company may still recover its shortfalls from the time ECQ will have been lifted till the end of the year 2020.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, their impact was not reflected in the Company's financial statements as of and for the year ended December 31, 2019.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at and for the year ended December 31, 2019, including its comparatives for the years 2018 and 2017, were approved and authorized for issuance by the Board of Directors on June 22, 2020.

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.

Supplementary information required by Revenue Regulations 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, 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:

Output and Input Value-Added Tax

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

Documentary Stamp Tax

The Company has paid ₱534,567 documentary stamp tax for the year ended December 31, 2019 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:

	2019
Documentary stamp tax	534,567
Permits for hospital operations	241,520
Mayor's permit, Occupancy permit	60,931
Real property tax	45,761
Registration fee	500
	883,279

Withholding Taxes

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

	2019
Expanded withholding tax	1,726,576

Deficiency Tax Assessment and Tax Cases

The Company has no tax deficiency assessments as of year-ending December 31, 2019.

* * *

JUN-29-2020 12:58:03 11134134 SAB698068
SOL1098 1098 MJTREGENCIA FR 1981516515
PHP*265,342.00 GOV-BIR CGOVPAY 1528269 PCC 03098

Date
06/29/2020

Taxpayer's Name
ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.

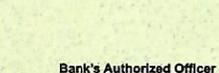
TIN
108 997 332 0000

Tax Type

Tax Form No.

Tax Period Covered

Amount to be Paid (in Words)
TWO HUNDRED SIXTY FIVE THOUSAND THREE HUNDRED FORTY TWO PESOS

FORM OF PAYMENT			AMOUNT IN FIG
CASH			PHP
CHECK <input type="checkbox"/> On-Ups (CBC) <input type="checkbox"/> Local <input type="checkbox"/> MC/CC	Bank/Branch CHINABANK DUMAGUETE	Check Number 0001528269	PHP 265,342
DEBIT ACCOUNT <input type="checkbox"/> Savings Account <input type="checkbox"/> Current Account	Authority to Debit. This shall serve as my/our authority for the Bank to debit my/our account for the BIR payment. I/We hereby declare under the penalties of perjury that my/our co-depositor(s) is/are still living.	Date of Check 06/29/2020	PHP
Account No. _____	Customer's Signature Over Printed Name 	Approved By 	PHP
TAX DEBIT MEMO	TDM No.		PHP
TOTAL AMOUNT			PHP 265,342

BT-BIR PAYMENT SLIP

(IN VERIFIED)

For BIR BCS/
Use Only Item:



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".
Two copies MUST be filled with the BIR and one held by the taxpayers.



1702-RT 01/18ENCS P1

1 For Calendar Fiscal
2 Year Ended (MM/20YY)
12 - December 20 19

3 Amended Return?
 Yes No

4 Short Period Return
 Yes No

5 Alphanumeric Tax Code (ATC)
1C 055-Minimum Corporate Income Tax (MCIT)
1C010 - CORPORATION IN GENERAL - JAN 1, 2009

Part I - Background Information

6 Tax Identification Number (TIN) 008 - 997 - 532 - 00000 7 RDO Code 079

8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)
ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)
F. CIMA FRANCA STREET, DARO, DUMAGUETE CITY
9A ZIP Code 6200

10 Date of Incorporation/Organization (MM/DD/YYYY) 04/01/2015 11 Contact Number 5235957

12 Email Address acedumagueteDoctors@yahoo.com.ph

13 Method of Deductions Itemized Deductions [Section 34 (A-J), NIRC] Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	195,501
15 Less: Total Tax Credits/Payments	0
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15)	195,501
Add: Penalties	
17 Surcharge	48,876
18 Interest up to 29 JUN 2020	965
19 Compromise	20,000
20 Total Penalties (Sum of Items 17 to 19)	69,841
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Items 16 and 20)	265,342

LATE FILING

If Overpayment, mark one(1) box only (Once the choice is made, the same is irrevocable)
 To be refunded To be issued a Tax Credit Certificate (TCC) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

JONATHAN C. AMANTE, MD, FPCP, FPPSN, MHA
Signature over Printed Name of President/Principal Officer/Authorized Representative
TIN 113-829-302 Title of Signatory PRESIDENT

DR. ROY DIAMOND M. ARCO
Signature over Printed Name of Treasurer/Assistant Treasurer
TIN 000 Title of Signatory

22 Number of Attachments 000

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others (Specify Below)				

BIR Form No. 1702-RT January 2018(ENCS) Page 2		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2
Taxpayer Identification Number(TIN)			Registered Name	
008	997	532	00000	ALLIED CARE EXPERTS -ACE DUMAGUETE DOCTORS INC.
Part IV - Computation of Tax				<i>(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</i>
27	Sales/Revenues/Receipts/Fees			118,295,034
28	Less: Sales Returns, Allowances and Discounts			9,997,914
29	Net Sales/Revenues/Receipts/Fees <i>(Item 27 Less Item 28)</i>			108,297,120
30	Less: Cost of Sales/Services			98,522,067
31	Gross Income from Operation <i>(Item 29 less Item 30)</i>			9,775,053
32	Add: Other Taxable Income Not Subjected to Final tax			0
33	Total Taxable Income <i>(Sum of Items 31 and 32)</i>			9,775,053
Less: Deductions Allowable under Existing Law				
34	Ordinary Allowable Itemized Deductions			40,481,547
35	Special Allowable Itemized Deductions			0
36	NOLCO <i>(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)</i>			0
37	Total Deductions <i>(Sums of Items 34 to 36)</i>			40,481,547
OR <i>[in case taxable under Sec 27(A) & 28(A)(1)]</i>				
38	Optional Standard Deduction (OSD) <i>(40% of Item 33)</i>			0
39	Net Taxable Income/(Loss) <i>If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)</i>			(30,706,494)
40	Applicable Income Tax Rate			30%
41	Income Tax Due other than Minimum Corporate Income Tax(MCIT) <i>(Item 39 x Item 40)</i>			0
42	MCIT Due <i>(2% of Item 33)</i>			195,501
43	Tax Due <i>(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)</i>			195,501
Less: Tax Credits/Payments(attach proof)				
44	Prior Year's Excess Credits Other Than MCIT			0
45	Income Tax Payment under MCIT from Previous Quarter/s			0
46	Income Tax Payment under Regular/Normal Rate from Previous Quarter/s			0
47	Excess MCIT Applied this Current Taxable Year			0
48	Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307			0
49	Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter			0
50	Foreign Tax Credits, if applicable			0
51	Tax Paid in Return Previously Filed, if this is an Amended Return			0
52	Special Tax Credits			0
Other Credits/Payments <i>(Specify)</i>				
53				0
54				0
55	Total Tax Credits/Payments <i>(Sum of Items 44 to 54)</i>			0
56	Net Tax Payable (Overpayment) <i>(Item 43 Less Item 55)</i>			195,501
Part V - Tax Relief Availment				
57	Special Allowable Itemized Deductions <i>(Item 35 of Part IV x Applicable Income Tax Rate)</i>			0
58	Add: Special Tax Credits			0

BIR Form No. 1702-RT January 2018(ENCS) Page 3	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
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Taxpayer Identification Number(TIN)	Registered Name
008 997 532 00000	ALLIED CARE EXPERTS -ACE DUMAGUETE DOCTORS INC.

Part VI - Schedules

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s if necessary)*

1 Amortization	0
2 Bad Debts	0
3 Charitable and Other Contributions	0
4 Depletion	0
5 Depreciation	6,589,283
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	5,249,196
9 Losses	0
10 Pension Trusts	0
11 Rental	106,447
12 Research and Development	0
13 Salaries, Wages and Allowances	7,593,692
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	677,285
15 Taxes and Licenses	883,279
16 Transportation and Travel	1,204,551
17 Others(Deductions Subject to Withholding Tax and Other Expenses) <i>(Specify below; Add additional sheet(s), if necessary)</i>	
a Janitorial and Messengerial Services	2,511,746
b Professional Fees	271,667
c Security Services	1,064,949
d COMMUNICATION, LIGHT AND WATER	2,400,526
e SUPPLIES AND CONSUMABLES	3,931,900
f CLOTHING AND SEWING EXPENSE	2,073,147
g EMPLOYEE TRAINING EXPENSE	1,080,108
h REPAIRS AND MAINTENANCE	873,893
i OTHERS	3,969,878
18 Total Ordinary Allowable Itemized Deductions <i>(Sum of Items 1 to 17i)</i>	40,481,547

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	Total Special Allowable Itemized Deductions <i>(Sum of Items 1 to 4)</i>		0

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate



1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN)				Registered Name
008	997	532	00000	ALLIED CARE EXPERTS -ACE DUMAGUETE DOCTORS INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	9,775,053
2	Less: Ordinary Allowable Itemized Deductions	40,481,547
3	Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(30,706,494)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down, 50 or more round up)

Year Incurred	Net Operating Loss		B) NOLCO Applied Previous Year/s
	A) Amount		
4 2019	30,706,494		0
5 2018	17,397,285		0
6 2017	4,058,863		0
7 2016	1,210,114		0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	30,706,494
5	0	0	17,397,285
6	0	0	4,058,863
7	1,210,114	0	0
8	Total NOLCO (Sum of Items 4D to 7D)		0

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	Total Excess MCIT Applied (Sum of Items 1F to 3F)			0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)

1	Net Income/(Loss) per Books	-31,920,785
	Add: Non-deductible Expenses/Taxable Other Income	
2	FINES AND PENALTIES	8,000
3	OTHERS	1,219,013
4	Total (Sum of Items 1 to 3)	-30,693,772
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5		0
6		0
	B) Special Deductions	
7	INTEREST INCOME SUBJECTED TO FINAL TAX	12,722
8		0
9	Total (Sum of Items 5 to 8)	12,722
10	Net taxable Income (Loss) (Item 4 Less Item 9)	-30,706,494

Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph
To: acedumaguetedoctors@yahoo.com.ph
Date: Monday, 29 June 2020, 09:23 am GMT+8

This confirms receipt of your submission with the following details subject to validation by BIR:
File name: 008997532000-1702RTv2018-122019.xml
Date received by BIR: 29 June 2020
Time received by BIR: 09:01 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH PAYMENT

Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

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 **JONATHAN AMANTE**
ACE DUMAGUETE
DOCTORS

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-  Transactions
-  Sign Out

File Upload



All files successfully uploaded

Transaction Code:
AFS-2019-7HB588CJ02MR3VSMQYNPWS3N0CH7AK7LJ

Submission Date/Time:
Jun 29, 2020 07:42 PM

[Back To Upload](#)

SIGNATURES

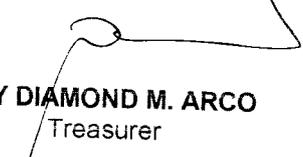
Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code of the Philippines, this amended annual report has been signed on behalf of the issuer, by the following persons in the capacities and on the dates indicated.



JONATHAN C. AMANTE
President



AEJELETH B. EYAS
Corporate Secretary



ROY DIAMOND M. ARCO
Treasurer

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

SUBSCRIBED AND SWORN to before me this 22th day of June 2020, affiants exhibiting to me their Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	TIN/SSS Nos.
Jonathan M. Amante	113 - 829 - 302
Aejeleth B. Eyas	940 - 647 - 174
Roy Diamond M. Arco	239 - 085 - 654

NOTARY PUBLIC

Doc. No. 527
 Page No. 106
 Book No. II
 Series of 2020.

PROBATION J. P. PINILLA
 NOTARY PUBLIC
 LEGAL ADDRESS: ...
 PTR No. 0846046-ISSUED 01/15/2011

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, Negros Oriental
 Attention: The Corporate Secretary
 Dr. Aejeleth B. Eyas

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended ... December 31, 2019
2. SEC 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. Dumaguete, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. F. Cimafranca St, Daro, Dumaguete, Philippines
Address of principal office
Postal Code
8. (035) 421-2119
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Founder Shares	As of December 31, 2019 – 600 shares; Php600,000
Common Shares	As of December 31, 2019 – 156,040 shares; Php156,040,000
Debt Outstanding	As of December 31, 2019 – Php462,333,333.34

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

Yes [] No [x]

If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and [SRC Rule 17.1](#) thereunder or Section 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 that 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 No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Background

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

The registered office of the Company is located at F. Cimafranca St., Daro, Dumaguete City, Negros Oriental.

The Company was issued its Board of Investments Certificate of Registration No. 2019-034 on February 9, 2019. As a BOI-registered Non-Pioneer Status Hospital, the Company enjoys certain grants, particularly, but not limited to income tax holiday for a period of 4 years from the start of its commercial operation.

On June 28, 2019, the Company was issued a license to sell its securities to the public by the SEC.

There are no recognized trends within such industry.

Products / Business Lines

Products / Business Lines with 10% or more contribution to 2019 revenues

Pharmacy	17%
Room accommodation and board	15%
Laboratory	13%
Professional fee	12%

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
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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.

Transactions with Related Parties

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, 2019 and 2018:

Category	Advances from shareholders 2018	Amount of Transactions 2019	Advances from shareholders 2019	Terms	Conditions
Advances from shareholders					
Non-interest-Bearing	220,214,830	(100,053,876)	120,160,954	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	-	17,792,145	17,792,145	Interest-bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	220,214,830	(82,261,731)	137,953,099		

Category	Advances from shareholders 2017	Amount of Transactions 2018	Advances from shareholders 2018	Terms	Conditions
Advances from sharehold-ers	199,852,695	20,362,135	220,214,830	Non-interest-bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired

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

During the year, the Company acquired an unsecured interest-bearing advance from the shareholders 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 prioritizing payments relative to hospital construction.

Total finance costs on these loans amounted to P1,213,765, Php-0- and Php-0- as at December 31, 2019, 2018 and 2017, respectively.

c) Key Management Personnel Compensation

Since the Company just started its operation, the Board of Directors (BOD) has not yet declared key management personnel compensation for the years 2019 2018 and 2017, respectively. Instead, only per diem and plane fare allowance per meeting were given as per Board Resolutions dated September 6, 2015.

The Company does not provide post-employment benefit plans and equity-based compensation benefits to any of its directors and executive officers.

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.

Employees

Total number of full-time employees as of December 31, 2019 is 314. The breakdown is as follows:

	CBA	Non-CBA	Total
Rank and File	300	-	300
Supervisors	-	4	4
Managers and Top Management	-	10	10
Total	300	14	314

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.

Risks

The major risks involved in the Company's business as well as the measures being undertaken by the Company to manage such risks are as follows:

1. Difficulty to collect from patients - ACE Dumaguete Doctors mitigates such risk through the accreditation of various Health Maintenance Organizations (HMO) to cover more patients and increase the probability of getting paid. With HMO covered patients, special rates are given. The Issuer will mitigate delays in payment from HMOs by investing in software programs that will efficiently monitor the Hospital's finances and receivables to ensure that its exposure to unpaid promissory notes is maintained at manageable levels.
2. Limited Resources/Losses - ACE Dumaguete Doctors mitigates such risk through the availability of the credit line facility with the Land Bank of the Philippines amounting to P500,000,000.00 (400M for construction and 100M for equipment with initial interest at 5% variable with one-time fixing at 6% per annum for 10 years. Maturity date is on February 27, 2026. As of the date, ACE Dumaguete Doctors has fully utilized the available credit facility for equipment and about P360,000,000.00 from the available funds for construction.
3. Key Personnel - ACE Dumaguete Doctors intends to mitigate such risk by maintaining a competitive compensation package and full benefits for its Management and Key Officers. The Human Resources Department will likewise maintain a program that will enhance and develop the career path of key officers and employees to ensure continued stay and loyalty to the Company.
4. Others - In the first half of 2020, the Philippines is experiencing a global pandemic, COVID-19. COVID-19, an infectious disease caused by a novel Coronavirus is exponentially spreading illness throughout the globe and has been recognized as a global pandemic by the World Health Organization (WHO). The various governments worldwide have taken drastic measures, including locking down of entire country to reduce the impact of this catastrophe.

While Management is cognizant of the impact of the disruption caused by COVID-19 to be temporary, the adverse effects on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted.

Management is optimistic that notwithstanding the adverse effects of the temporary closure brought about by the ECQ, the Company may still recover its shortfalls from the time ECQ will have been lifted till the end of the year 2020.

Item 2. Properties

The Company owns a land property - covered by TCT No 109-2015000619 and 109-2015000621, valued at Php52,438,860 and with a total area of 7,833 sq It is located at F. Cimafranca St, Daro, Dumaguete City, where the Company is currently constructing a multidisciplinary specialty medical facility. The property is covered by a real estate mortgage in connection with the Company's loan agreement with the the Land Bank of the Philippines. Under the terms and conditions of the loan agreement, the Company is required to maintain a 75:25 debt to equity ratio.

Management has reviewed the carrying values of the property as at December 31, 2019 and 2018 for any impairment. Based on their evaluation, there are no indications that this asset is impaired

Item 3. Legal Proceedings

ACE Dumaguete Doctors is not a party to any legal proceedings, neither are any of its properties the subject of any pending legal proceedings.

PART II – SECURITIES OF THE REGISTRANT

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

Market Information

The Company's common equity is sold through its organic salaried staff. The shares are sold in tranches for easier administration and on a first-come, first-served basis, subject to pre-qualification procedures. The high and low sales prices by quarter for the last two (2) years are as follows:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter
<i>Market Price</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2019</i>
High	0	0	0	200,000	0	200,000	0	200,000	200,000
Low	0	0	0	200,000	0	200,000	0	200,000	200,000

The price as of May 29, 2020 is P250,000.00.

Holders

There are approximately 156,120 holders of common and founders shares of the Company as of 31 May 2020.

Top 20 Stockholders (As of 31 May 2020)

NAME	NATIONALITY	TYPE	NUMBER OF SHARES	% OF OWNERSHIP
1. Amado Manuel C. Enriquez Jr.	Filipino	Common	12,450	8.33%
		Founder	50	
		TOTAL	12,500	
2. Marietta T. Samoy	Filipino	Common	7,470	5.00%
		Founder	30	
		TOTAL	7,500	
3. Geanie A. Cerna-Lopez	Filipino	Common	4,980	3.33%
		Founder	20	
		TOTAL	5,000	
4. Felicisimo D. De Castro	Filipino	Common	2,490	1.67%
		Founder	10	

			TOTAL	2,500	
5.	Roberto M. De Leon	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
6.	Brenda V. Diputado	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
7.	Jonathan C. Amante	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
8.	Aejeleth B. Eyas	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
9.	Felix P. Nolasco	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
10.	Generoso M. Orillaza	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
11.	Ronald L. Ramiro	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
12.	Roy Diamond M. Arco	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
13.	Rolando E. Regalado	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
14.	Robert H. Tan	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
15.	Idelle Marie A. Yurong	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	

16.	Pal K. Amante	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
17.	Franciene P. Vasquez	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
18.	Brian Joseph M. Calinawagan	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
19.	Maria Rhodora G. De Leon	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	
20.	Michael Edward R. Enriquez	Filipino	Common	2,490	1.67%
			Founder	10	
			TOTAL	2,500	

Dividends

The payment of dividends depends upon the Company's financial performance and condition and cash flow. The Company has not yet declared dividends since its incorporation considering that it has just started its operations last March 2019. There are no restrictions that limit the payment of dividends on Common Shares.

Recent Sale of Securities

There is no recent sale of unregistered or exempt securities.

PART III. FINANCIAL INFORMATION

Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis

The following table shows the financial highlights of the Company for the years then ended December 31, 2019, 2018 and 2017:

	<i>As of December 31 (In Thousands)</i>		
	2019	2018	2017
Income Statement Data			
Total Revenues	108,297,120	–	–
Gross Profit	9,775,053	–	–
Operating Income (Loss)	(25,452,576)	(17,129,740)	(3,869,231)
Net Income (Loss) *	(31,920,785)	(17,360,535)	(3,869,231)

There were no revenues generated last 2018 and 2017 since the Company started its hospital operations last March 2019. ACE Dumaguete Doctors Inc. started its out-patient operations 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. Majority of the revenue came from pharmacy, room accommodation, laboratory, medical supplies and nutrition and dietetics.

Key Performance Indicators

	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
a. CURRENT RATIO = Current assets / Current liabilities	0.55	2.44	3.17
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 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.			
b. DEBT TO EQUITY RATIO = Debt / Equity	3.00	5.32	3.44
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 2019 decreased as a result of the payment of the advances from shareholders, payment of current year loan amortization and sale of shares.			
c. DEBT TO TOTAL ASSET RATIO = Debt / Asset	0.75	0.85	0.78
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. The debt to total asset ratio decreased in 2019 which means decrease in financial leverage and decrease in risk.			
d. ASSET TO EQUITY RATIO = Assets / Equity	4.00	6.32	4.44
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 decreased in 2019 as result of the payment of advances to shareholders and sales of shares			

Financial Position

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.

Income Statement - 2019 compared to 2018

Revenues increased in 2019 since the Company started its Outpatient Department on March 2019 and full hospital operations with a 100 bed capacity on July 2019.

Direct Costs increased in 2019 as a direct result of the operations of the Company.

General and administrative expenses grew in 2019 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.

Finance cost increased in 2019 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 - 2018 compared to 2017

Cash decreased during the year due to the net effect of the availment of loans, payment of outstanding loans, additional advances from shareholders and disbursement for the construction of the hospital and purchases of office and medical equipment.

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 increased during the year due to the additional payment made to contractors.

Property and equipment increased during the year which was mainly due to the delivery of medical equipment and office equipment and fixtures.

Construction in progress increased in 2018 due to the ongoing construction of the hospital building.

Accounts payable and other liabilities increased during the year as a result of the increase in retention payable and accounts payable to suppliers. Various equipment have been received thus the Company recorded the subsequent outstanding payables.

Notes payable – current portion increased in 2018 since the Company will start paying the principal portion of the loan from bank in 2019.

Notes payable – net of current portion increased in 2018 due to the additional availment of loan in 2018.

Advances from shareholders increased as a result of the shareholders contributing cash advances to the Company.

Share capital increased during the year as a result of issuance of 30,000 shares.

Deficit increased due to the net loss in 2018.

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.

Review of Operations - 2017 compared to 2016

Net loss in 2017 is higher than in 2016 due to the increase in general and administrative expenses. In 2017, the Board of Directors had periodic regular meetings compared in the prior year which resulted to an increase in their honorarium and travel expenses.

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.

Information on Independent Accountant

The Company's external auditor is the auditing firm of Dimaculangan, Dimaculangan and Co. CPAs. The same auditing firm is being recommended by the Board, and subject to stockholders' approval, for re-appointment as the Company's external auditor for the fiscal year 2020.

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.

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 2019	- P224,000.00 (billed and paid in 2020)
For the year 2018	- P437,600.00 (accrued and paid as of 2019)

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 (P224,000.00).

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of Dimaculangan, Dimaculangan and Co. CPAs during the three (3) most recent years. There were no disagreements with Dimaculangan, Dimaculangan and Co. CPAs on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Directors, Executive Officers

Directors

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, or until the next succeeding annual stockholders’ meeting and until his/her successor is elected and qualified. The following are the current members of the Board of Directors:

1. Amado Manuel Enriquez, Jr.
2. Amante, Jonathan
3. Cerna-Lopez, Geanie
4. De Castro, Felicisimo
5. De Leon, Roberto M.
6. Diputado, Brenda V.
7. Evangeline Y. Zozobrado
8. Orillaza, Generoso M
9. Angelo L. Alcala
10. Regalado, Rolando
11. Arco, Roy Diamond
12. Eyas, Aejeleth B.
13. Tan, Robert
14. Samoy, Marietta
15. Yurong, Idelle Marie

Name	Business and Professional Work Experience
Enriquez, Amado Manuel Jr. C.	<p>Chairman of the Board – Manila East Medical Center (2007-2008, 2017); Paranaque Doctors Hospital (2012-2017); ACE Medical Center Baypointe, Subic (2007-2011); Unihealth Paranaque Hospital (2014-2017); Alaminos Medical Center Foundation (2001-present)</p> <p>Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Malolos, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Iloilo, ACE Medical Center Tacloban, ACE Dumaguete Doctors, Inc., ACE Dumaguete Doctors, Inc., ACE Medical Center Bacolod, ACE Medical Center General Santos, ACE Medical Center CDO, ACE Medical Center Dipolog, ACE Medical Center Zamboanga, ACE Medical Center Butuan</p> <p>Active consultant in Cardiovascular-Thoracic Surgery – St. Luke’s Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.</p>

Name	Business and Professional Work Experience
Regalado, Rolando E.	<p>Consultant: Silliman University Medical Centre - Eyes, Ears, Nose & Throat; Negros Oriental Provincial Hospital - Eyes, Ears, Nose & Throat</p> <p>Associate Professor - Silliman University Medical School</p> <p>Dept. Of Surgery – Chairman Silliman University Medical Centre</p>
Amante, Jonathan C.	<p>Chairman - University Of The Philippines – PGH Review for Philippine College of Physicians Examination (1987)</p> <p>Diplomate And Fellow - Philippine College Of Physician , Philippine Society of Nephrology</p> <p>Holy Child Hospital - Head, Dialysis Unit (1988); Chairman, Dept. Of Medicine Silliman Medical Centre - Head, Dialysis Unit (1988); NOPH - Head, Provincial Dialysis Unit</p> <p>Association Of Philippine Medical Colleges Member, Board Of Trustees ; Ace Medical Centre-Bayawan, Inc. - Member, Board Of Directors And Management Consultant (Feb 2016 – up to present)</p>
Cerna-Lopez, Geanie	<p>President - Las Pinas City Medical Center, Medical Director- Unihealth Paranaque, Management Consultant - Medical Center Muntinlupa, Past President - Medical Center Muntinlupa (2016), Past Hospital Admin - UniHealth Paranaque Hospital (2016) and Las Pinas City Medical Center(2016); Past president Paranaque Doctors Hospital (2015)</p>
Eyas, Aejeleth B.	<p>Consultant, Silliman Medical Center Department of Pediatrics Member, Medical Records and Library Committee, SUMC Foundation Inc. Associate Professor, Silliman University Medical School (2012-2016)</p>
Samoy, Marietta T.	<p>Head, Medical Center Muntinlupa Medical Services, Las Pinas City Medical Center Administrator, Uni-Health Paranaque Hospital and Medical Center Management Consultant/Head OB-Gyne Dept., Paranaque Doctors Hospital, President Las Pinas Med Center (2014) President UniHealth Paranaque (2016) Treasurer,- Medical Center Muntinlupa (2015) Corp Sec, Paranaque Doctors Hospital (2013) Medical Director, Paranaque Doctors Hospital (2010-2012).</p>

Name	Business and Professional Work Experience
Arco, Roy Diamond M.	Consultant - Silliman University Medical Centre Visiting Consultant - Holy Child Hospital, Dumaguete City Resident Physician–Perpetual Succour Hospital Adult Nephrology Fellow In Training - National Kidney and Transplant Institute
Diputado, Brenda V.	Medical Director, Silliman University Medical Centre (1999-2001); Consultant Neurologist 91993–present); Visiting Consultant, Holy Child Hospital, Dumaguete City (1993-2017) Physical Therapy – Instructor, Silliman University (1995-2000) Instructor, Silliman University School of Medicine – (2002- up to present)
Zozobrado Evangeline, Y.	Pediatric Consultant, Asian Hospital and Medical Center (2002-present) Corp. Secretary, Medical Center Muntinlupa (2016-2017), ACE Baliwag (2012-present) Medical Director, Las Pinas City Medical Center (2014-2016) Hospital Administrator, Diliman Doctors Hospital (2017) Pediatric Consultant, Paranaque Doctors Hospital, University of Perpetual Help System Dalta Hospital and Medical Center
Orillaza, Generoso M.	Director, Paranaque Doctors Hospital (2007 – present); ACE Baypointe Hospital & Medical Center (2010-present); ACE Baliwag (2012-2014) Head, Engineering and Maintenance Service- ACE Valenzuela (2011-2014); ACE Baypointe Hospital & Medical Center (2010- present); ACE Baliwag (2012-2014); Unihealth Paranaque Hospital and Medical Center 2014-2014); ACE Pateros (2013-2015); ACE QC (2013-present); Chairman of Construction Committee, ACE Iloilo; ACE Gensan; ACE Cebu; ACE Tacloban; ACE Butuan (2008 –present) –
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)

Name	Business and Professional Work Experience
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
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)
Yurong, Idelle Marie	Physician, Siquijor Provincial Hospital (1996); Silliman University Medical Centre (1996 – 1997); Chong Hua Hospital (1997- 2000); Philippine Heart Centre (2003-2005); Private Practice (2006 – to present); Training Officer, Holy Child Hospital-Department of Pediatrics (2013- 2015)
Tan, Robert H.	Consultant, General Surgeon, Holy Child Hospital (1993-present); Visiting Consultant, General Surgery Silliman University Medical Centre (1993 - present)

Executive Officers

The Company's key executive officers as of 31 May 2020 are as follows:

Jonathan C. Amante	- President
Roy Diamond M Arco	- Treasurer
Aejeleth B. Eyas	- Corporate Secretary

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

The Company's incumbent officers are as follows:

1. AMADO MANUEL C. ENRIQUEZ, JR.	Chairman, see foregoing Director's Profile
2. JONATHAN C. AMANTE	President, see foregoing Director's Profile
3. ROY DIAMOND M ARCO	Treasurer, see foregoing Director's Profile
4. AEJELETH B. EYAS	Corporate Secretary, see foregoing Director's Profile

Significant Employees

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

Family Relationships

Among the directors, officers of ACE Dumaguete Doctors, there are no family relationships.

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 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.

Involvement in Certain Legal Proceedings

As of May 31, 2020, 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. Marietta T Samoy
4. Generoso M. Orillaza

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. Awaiting Notice of Pre-Trial from the Court.

SEC Case, Settlement Offer with the Securities and Exchange Commission

Doctors Enriquez, De Leon, Cerna-Lopez, Samoy, including Engr. Orillaza 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.

Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary	Bonus	Other Compensation
A. Jonathan C. Amante President	- 0 -	- 0 -	- 0 -	- 0 -
B. Roy Diamond M Arco Treasurer	- 0 -	- 0 -	- 0 -	- 0 -
C. Aejeleth B. Eyas Corporate Secretary	- 0 -	- 0 -	- 0 -	- 0 -
D. Aggregate For The Above Named CEO & Officers	2019- Estim.	- 0 -	- 0 -	- 0 -
	2018	- 0 -	- 0 -	- 0 -
	2017	- 0 -	- 0 -	- 0 -
E. Aggregate For The Officers And Directors As A Group	2019- Estim.	- 0 -	- 0 -	- 0 -
	2018	- 0 -	- 0 -	- 0 -
	2017	- 0 -	- 0 -	- 0 -

Except for per diem (P10,000.00/board meeting) during board meetings for each director, 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.

The Company has no existing options, warrants or rights to purchase any securities.

Security Ownership of Certain Record and Beneficial Owners

(1) 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 31 May 2020 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.	Enriquez, Amado Manuel Jr. C./Father	Filipino	19,920 (common shares) 80 (founder shares)	13.33%
Common Founder	Enriquez, Marilyn R.	Enriquez, Amado Manuel Jr. C./Wife			
Common Founder	Enriquez, Miguel R.	Enriquez, Amado Manuel Jr. C./Father			

(2) Security Ownership of Directors and Management as of 31 May 2020:

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)	13.33%
Regalado, Rolando E.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	5%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Diputado, Brenda V.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Arco, Roy Diamond M.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
Zozobrado, Evangeline Y.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Samoy, Marietta T.	7,500,000		Filipino	7,470 (common shares) 30 (founder shares)	5%
Orillaza, Generoso M.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
De Leon, Roberto M.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%

Yurong, Idelle Marie	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Tan, Robert H.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
De Castro, Felicisimo D.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Alcala, Angelo L.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%

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)	13.33%
Amante, Jonathan C.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
Cerna-Lopez, Geanie	5,000,000	2,500,000	Filipino	7,470 (common shares) 30 (founder shares)	5%
Eyas, Aejeleth B.	2,500,000		Filipino	2,490 (common shares) 10 (founder shares)	1.67%
Arco, Roy Diamond M.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%
Tan, Robert H.	2,500,000	2,500,000	Filipino	4,980 (common shares) 20 (founder shares)	3.33%

(3) The following owns directly or indirectly 2.0% or more of the outstanding capital stock of the Company:

Name	% of Ownership
Enriquez, Amado Manuel Jr. C.	13.33%
Cerna-Lopez, Geanie	5%
Samoy, Marietta T.	5%
Amante, Jonathan C.	3.33%
Arco, Roy Diamond M.	3.33%
Orillaza, Generoso M.	3.33%

De Leon, Roberto M.	3.33%
Tan, Robert H.	3.33%

- (4) There are no voting trust holders of 5% or more.
- (5) 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.
- (6) No change in control of the registrant has occurred since the beginning of its last fiscal year.

Certain Relationships and Related Transactions

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:

Category	Advances from shareholders 2018	Amount of Transactions 2019	Advances from shareholders 2019	Terms	Conditions
Advances from shareholders					
Non-interest- Bearing	220,214,830	(100,053,876)	120,160,954	Non-interest- bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	-	17,792,145	17,792,145	Interest- bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	220,214,830	(82,261,731)	137,953,099		

Category	Advances from shareholders 2017	Amount of Transactions 2018	Advances from shareholders 2018	Terms	Conditions
Advances from sharehold ers	199,852,695	20,362,135	220,214,830	Non-interest- bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired

The Company, in the normal course of business, the Company transacts business with companies/individuals which are considered related parties. The following were carried out with related parties as at December 31, 2019 and 2018:

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

During the year, the Company acquired an unsecured interest-bearing advance from the shareholders 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 prioritizing payments relative to hospital construction.

Total finance costs on these loans amounted to P1,213,765, Php-0- and Php-0- as at December 31, 2019, 2018 and 2017, respectively.

c) Key Management Personnel Compensation

Since the Company just started its operation, the Board of Directors (BOD) has not yet declared key management personnel compensation for the years 2019 2018 and 2017, respectively. Instead, only per diem and plane fare allowance per meeting were given as per Board Resolutions dated September 6, 2015.

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

PART V – 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.

PART VI - EXHIBITS AND SCHEDULES

(a) Exhibit
2019 Audited Financial Statements

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed by the Company in 2019:

<u>Date</u>	<u>Event Reported</u>
September 19, 2019	Resignation and Election of Compliance Officer

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC. As of December 31, 2019

Ratio	Formula	December 31, 2019	December 31, 2018
<u>Liquidity Ratios:</u>			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	80,588,097 148,340,377 0.54:1	139,933,926 57,550,020 2.43:1
Quick Ratio	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	29,593,241 148,340,377 0.20:1	52,247,416 57,550,020 0.91:1
<u>Solvency Ratios:</u>			
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	681,215,693 227,079,766 3.00:1	670,592,899 126,200,551 5.31:1
Asset-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	908,295,459 227,079,766 4.00:1	796,793,450 126,200,551 6.31:1
<u>Profitability Ratios:</u>			
Interest Rate Coverage Ratio	$\frac{\text{Net Income (Loss) Before Interests and Taxes}}{\text{Interest Expense}}$	(25,452,576) 6,468,209 -3.94:1	(17,129,740) 230,795 -74.22:1
Return on Equity	$\frac{\text{Net Profit (Loss)}}{\text{Total Equity}}$	(31,920,785) 227,079,766 -14.06%	(17,360,535) 126,200,551 -13.76%
Return on Assets	$\frac{\text{Net Profit (Loss)}}{\text{Total Assets}}$	(31,920,785) 908,295,459 -3.51%	(17,360,535) 796,793,450 -2.18%
Net Profit Margin	$\frac{\text{Net Profit (Loss)}}{\text{Revenues}}$	(31,920,785) 108,297,120 -29.48%	(17,360,535) - N/A

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

As of December 31, 2019

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

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		(23,799,449)
Add: Net Income (Loss) actually earned/realized during the period		
Net loss during the period closed to Retained Earnings	(31,920,785)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	<u>-</u>	
Add: Non-actual Losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	<u>-</u>	
Net Income Actually Earned During the Period		(31,920,785)
Add (Less):		
Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury Shares	-	
Sub-total		<u>-</u>
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		<u><u>(55,720,234)</u></u>