



ACEDDI ACCOUNTING &lt;aceddiacctdept@gmail.com&gt;

---

**Fwd: SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC**

1 message

---

**ALLIED CARE EXPERTS DUMAGUETE CITY** <alliedcareexpertdgte@gmail.com>  
To: aceddiacctdept@gmail.com, ajbondad80@yahoo.com

Fri, May 13, 2022 at 4:36 PM

----- Forwarded message -----

From: **ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>

Date: Fri, May 13, 2022 at 4:35 PM

Subject: Re: SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC

To: &lt;alliedcareexpertdgte@gmail.com&gt;

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at [www.sec.gov.ph](http://www.sec.gov.ph)

---

**NOTICE**Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at[ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph)**Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over- the- counter.**

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC\_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

<https://apps010.sec.gov.ph>**For your information and guidance.****Thank you and keep safe.**



ACEDDI ACCOUNTING &lt;aceddiacctdept@gmail.com&gt;

**Fwd: SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC**

1 message

**ALLIED CARE EXPERTS DUMAGUETE CITY** <alliedcareexpertdgte@gmail.com>  
To: aceddiacctdept@gmail.com, ajbondad80@yahoo.com

Sat, May 14, 2022 at 7:57 AM

----- Forwarded message -----

From: **MSRD COVID19** <msrd\_covid19@sec.gov.ph>

Date: Fri, May 13, 2022 at 7:08 PM

Subject: Fwd: SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC

To: &lt;alliedcareexpertdgte@gmail.com&gt;

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

**MARKETS AND SECURITIES REGULATION DEPARTMENT**  
**PHILIPPINE SECURITIES AND EXCHANGE COMMISSION**

----- Forwarded message -----

From: **ALLIED CARE EXPERTS DUMAGUETE CITY** <alliedcareexpertdgte@gmail.com>

Date: Fri, May 13, 2022 at 3:35 PM

Subject: SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC

To: ICTD Submission &lt;ictdsubmission@sec.gov.ph&gt;, &lt;msrd\_covid19@sec.gov.ph&gt;

Hi,

Good day!

Attached herewith is the SEC Form 17-Q for the 1st quarter of 2022 of ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC. with accompanying interim financial statements.

There is no option in the SEC eFAST for the said report.

Hoping for your kind consideration.

Thank you.

Best Regards,

Dr. Aejeleth B. Eyas

Assistant Corporate Secretary / Authorized Filer

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC. SEC FORM 17-Q March 31, 2022.pdf**

2533K

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

Interim Financial Statements

As at March 31, 2022 (Unaudited) and December 31, 2021

(Audited)

and for the Three months Ended March 31, 2022 and 2021 (Unaudited)

# COVER SHEET

SEC Registration Number

C	S	2	0	1	5	0	6	2	2	6
---	---	---	---	---	---	---	---	---	---	---

**COMPANY NAME**

A	L	L	I	E	D	C	A	R	E	E	X	P	E	R	T	S	(	A	C	E	)	D	U	M	A	G	U	E	T	E		
D	O	C	T	O	R	S	I	N	C	.																						

**PRINCIPAL OFFICE**(No./Street/Barangay/City/Town/ Province)

F	.	C	I	M	A	F	R	A	N	C	A	S	T	.	,	D	A	R	O	,	D	U	M	A	G	U	E	T	E	C	I	T	Y

Form Type

1	7	-	Q
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number/s	Mobile Number
<b>acedumaguetedoctors@yahoo.com.ph</b>	<b>421-2119</b>	<b>0932-242-0610</b>
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		<b>December 31</b>

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
<b>Dr. Aejeleth B. Eyas</b>	<b>acedumaguetedoctors@yahoo.com.ph</b>	<b>421-2119</b>	<b>-</b>

**CONTACT PERSON'S ADDRESS**

<b>F. Cimafranca St., Daro, Dumaguete City</b>
--

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

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

1. For the quarterly period ended March 31, 2022
2. Commission identification number: CS201506626
3. BIR Tax Identification No.: 008-997-532-000
4. Exact name of issuer as specified in its charter .... Allied Care Experts (ACE) Dumaguete Doctors Inc
5. Province, country or other jurisdiction of incorporation or organization ....Dumaguete, Philippines
6. Industry Classification Code:  (SEC Use Only)  
F. Cimafranca St, Daro, Dumaguete, Philippines 6200
7. Address of issuer's principal office Postal Code  
..... (035)421-2119
8. Issuer's telephone number, including area code  
.....N/A
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Shares	165,420 shares; Php165,420,000
Founder Shares	600 shares; Php600,000

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

Yes [ ] No [x]

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

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The interim consolidated financial statements as at March 31, 2022 (Unaudited) and December 31, 2021 (Audited) and for the three months ended March 31, 2022 and 2021 and the related notes to consolidated financial statements of Allied Care Experts (ACE) Dumaguete Doctors Inc. (“the Company”) are filed as part of this Form 17-Q.

For purposes of segment reporting, the Company has no other reportable segment.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited consolidated financial statements filed as part of this report.

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.****INTERIM STATEMENTS OF FINANCIAL POSITION**

(Amounts in Philippine Peso)

<b>ASSETS</b>	<i>Notes</i>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>CURRENT ASSETS</b>			
Cash	<i>4</i>	<b>14,000,207</b>	36,298,880
Accounts and other receivables	<i>5</i>	<b>130,247,573</b>	115,509,513
Inventories	<i>6</i>	<b>35,706,736</b>	36,528,769
Prepayments and other current assets	<i>7</i>	<b>20,645,422</b>	17,645,840
		<b>200,599,938</b>	205,983,002
<b>NONCURRENT ASSETS</b>			
Property and equipment (net)	<i>8</i>	<b>760,451,972</b>	774,877,379
Advances to suppliers		<b>17,379,275</b>	14,741,074
Deferred tax assets		<b>1,919,525</b>	1,919,525
Intangible assets (net)		<b>415,893</b>	80,000
Other noncurrent assets		<b>16,000</b>	16,000
		<b>780,182,665</b>	791,633,978
<b>TOTAL ASSETS</b>		<b>980,782,603</b>	997,616,980
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	<i>9</i>	<b>85,409,412</b>	95,123,112
Notes payable - current portion	<i>10</i>	<b>92,000,000</b>	106,666,666
Income tax payable		<b>1,080,660</b>	1,080,660
		<b>178,490,072</b>	202,870,439
<b>NONCURRENT LIABILITIES</b>			
Notes payable - net of current portion	<i>10</i>	<b>374,500,000</b>	374,500,000
Advances from shareholders	<i>11</i>	<b>17,499,954</b>	19,099,454
		<b>391,999,954</b>	393,599,454
<b>TOTAL LIABILITIES</b>		<b>570,490,026</b>	596,469,892
<b>EQUITY</b>			
Share capital	<i>12</i>	<b>165,420,000</b>	165,420,000
Share premium	<i>12</i>	<b>313,280,000</b>	313,280,000
Deficit		<b>(68,407,423)</b>	(77,552,912)
		<b>410,292,577</b>	401,147,088
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>980,782,603</b>	997,616,980

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

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

	Unaudited		Audited
	<b>January 1 to March 31, 2022</b>	January 1 to March 31, 2021	December 31, 2021 (Annual)
REVENUES (net)	<b>100,503,719</b>	81,920,470	508,934,355
DIRECT COSTS	<b>60,427,605</b>	57,291,101	394,139,597
<b>GROSS PROFIT</b>	<b>40,076,114</b>	24,629,369	114,794,758
OTHER INCOME	<b>600</b>	-	27,312
<b>GROSS INCOME</b>	<b>40,076,714</b>	24,629,369	114,822,070
GENERAL AND ADMINISTRATIVE EXPENSES	<b>23,510,097</b>	29,199,884	59,769,346
<b>NET OPERATING INCOME (LOSS)</b>	<b>16,566,617</b>	(4,570,515)	55,052,724
FINANCE COST	<b>7,421,128</b>	7,465,310	33,821,727
<b>NET INCOME (LOSS) BEFORE INCOME TAX</b>	<b>9,145,489</b>	(12,035,825)	21,230,997
PROVISION FOR INCOME TAX	-	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>9,145,489</b>	(12,035,825)	21,230,997
OTHER COMPREHENSIVE INCOME (LOSS) DURING THE YEAR	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>9,145,489</b>	(12,035,825)	21,230,997
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>55.29</b>	(74.59)	128.35

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

**ALLIED CARE EXPERTS (ACE) DUMAGUETE DOCTORS INC.****INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Amounts in Philippine Peso)

	<b>Share capital</b>	<b>Share premium</b>	<b>Deficit</b>	<b>Total</b>
	<b>(Note 12)</b>	<b>(Note 12)</b>		
<b>EQUITY</b>				
As at January 1, 2020	156,640,000	126,160,000	(55,720,234)	227,079,766
Increase in share capital	4,720,000	-	-	4,720,000
Share premium	-	89,680,000	-	89,680,000
Net income for the year	-	-	(43,063,676)	(43,063,676)
As at December 31, 2020	161,360,000	215,840,000	(98,783,910)	278,416,090
Increase in share capital	4,060,000	-	-	4,060,000
Share premium	-	97,440,000	-	97,440,000
Net income for the year	-	-	21,230,997	21,230,997
As at December 31, 2021	165,420,000	313,280,000	(77,552,912)	401,147,088
<b>Increase in share capital</b>	-	-	-	-
<b>Share premium</b>	-	-	-	-
<b>Net income for the period ended</b>	-	-	<b>9,145,489</b>	<b>9,145,490</b>
<b>As at March 31, 2022</b>	<b>165,420,000</b>	<b>313,280,000</b>	<b>(68,407,423)</b>	<b>410,292,577</b>

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

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

**INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Amounts in Philippine Peso)

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>January 1 to March 31, 2022</b>	<b>January 1 to March 31, 2021 December 31, 2021 (Annual)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net income (loss) before income tax</b>		<b>9,145,489</b>	(12,035,825)
<b>Adjustments</b>			
Depreciation	8	<b>16,192,157</b>	12,155,472
Interest expense		<b>7,421,128</b>	7,465,310
Interest income		-	(27,312)
<b>Operating cash flows before changes in working capital</b>		<b>32,758,774</b>	7,584,957
<b>Changes in working capital components</b>			
<b>Decrease (increase) in current assets</b>			
Accounts and other receivables		<b>(14,738,060)</b>	(2,796,125)
Inventories		<b>822,033</b>	(483,594)
Prepayments and other current assets		<b>(2,999,582)</b>	(3,588,342)
<b>Increase (decrease) in current liabilities</b>			
Accounts payable and other liabilities		<b>(10,237,521)</b>	(5,169,848)
<b>Net cash generated from (used in) operations</b>		<b>5,605,644</b>	(4,452,952)
Payment of income tax		-	(643,364)
Interest received		-	27,312
<b>Net cash provided by (used in) operating activities</b>		<b>5,605,644</b>	(4,452,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in:			
Advances from suppliers		<b>(2,638,201)</b>	(1,270,821)
Advances from contractors		-	13,475,207
Acquisition of property and equipment	8	<b>(1,766,750)</b>	(1,977,414)
Additions to intangible assets		<b>(335,893)</b>	-
<b>Net cash used in investing activities</b>		<b>(4,740,844)</b>	(3,248,235)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of notes payable		-	7,000,000
Payment of principal loans	10	<b>(14,666,666)</b>	-
Payment of interest expense	10	<b>(6,897,307)</b>	(7,465,310)
Proceeds from (payment of) advances from shareholders	11	<b>(1,599,500)</b>	4,140,000
Increase in share capital	12	-	4,060,000
Additional paid-up capital	12	-	97,440,000
<b>Net cash provided by financing activities</b>		<b>(23,163,473)</b>	(3,325,310)
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>(22,298,673)</b>	(11,026,497)
<b>CASH, beg of year</b>		<b>36,298,880</b>	18,004,975
<b>CASH, end of year</b>		<b>14,000,207</b>	6,978,478

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

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

### **NOTES TO FINANCIAL STATEMENTS**

As at March 31, 2022 and December 31, 2021 and for the period ended March 31, 2022, 2021 and December 31, 2021 (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.

On June 28, 2019, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 186,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 36,000 shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱250,000 up to ₱400,000 per block. Issued and outstanding Founder shares (600) and common shares (149,400) are not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

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

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

#### **Status of Operations**

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

---

**NOTE 2 - BASIS OF PREPARATION AND PRESENTATION**

The unaudited interim financial statements of the Company have been prepared on the historical cost basis of accounting and are presented in Philippine Peso, the Company's functional and presentation currency. All values represent absolute amounts except when otherwise stated.

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

The unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2022 have been prepared in accordance with PAS 34, *Interim Financial Reporting* and in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC. This financial reporting framework included PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

---

**NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS****Adoption of New and Revised Accounting Standards Effective in 2022*****Amendments to PFRS 3, References to the Conceptual Framework***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Standards Issued but not yet Effective:**

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

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

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

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

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

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

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

---

**NOTE 4 - CASH**

The account consists of:

	<b>March 31, 2022</b>	December 31,
	<b>(Unaudited)</b>	2021
		<b>(Audited)</b>
Cash on hand	<b>1,216,641</b>	872,674
Cash in banks	<b>12,783,566</b>	35,426,206
	<b>14,000,207</b>	36,298,880

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

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

---

**NOTE 5 - ACCOUNTS AND OTHER RECEIVABLES**

This account consists of:

	<b>March 31, 2022</b>	December 31,
	<b>(Unaudited)</b>	2021
		<b>(Audited)</b>
Due from PhilHealth	<b>112,041,734</b>	102,390,753
Due from HMOs	<b>1,382,620</b>	6,495,934
Accounts receivables	<b>15,868,764</b>	5,769,572
Advances to officers and employees	<b>132,800</b>	139,623
Other receivables	<b>821,655</b>	713,631
	<b>130,247,573</b>	115,509,513

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 6 - INVENTORIES**

The account consists of:

	<b>March 31, 2022</b>	December
	<b>(Unaudited)</b>	31, 2021
		<b>(Audited)</b>
<b>Inventories Held for Consumption:</b>		
Medical and laboratory supplies <sup>1)</sup>	<b>14,095,959</b>	13,516,225
General hospital maintenance supplies <sup>2)</sup>	<b>6,328,011</b>	8,338,849
	<b>20,423,970</b>	21,855,074
Drugs and medicines inventory for sale - Pharmacy	<b>15,282,766</b>	14,673,695
	<b>35,706,736</b>	36,528,769

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

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

---

**NOTE 7 - PREPAYMENTS AND OTHER CURRENT ASSETS**

This account consists of:

	<b>March 31, 2022</b>	December
	<b>(Unaudited)</b>	31, 2021
		(Audited)
Input VAT	<b>19,353,494</b>	16,372,936
Prepaid insurance	<b>1,116,715</b>	1,116,715
Advances for liquidation	<b>150,000</b>	150,000
Others	<b>25,212.91</b>	6,189
	<b>20,645,422</b>	17,645,840

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

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

---

**NOTE 8 - PROPERTY AND EQUIPMENT (net)**

Reconciliation of property and equipment (net) as at March 31, 2022 is as follows:

	<b>Land and land improvement</b>	<b>Building and building improvements</b>	<b>Medical Machineries and Equipment</b>	<b>Transportation equipment</b>	<b>Office Equipment, Furnitures and Fixtures</b>	<b>Total</b>
Cost						
At beginning of year	53,318,860	609,648,297	218,080,070	1,775,000	44,124,041	926,946,268
Additions	-	1,057,000	545,714	-	164,036	1,766,750
<b>At end of year</b>	<b>53,318,860</b>	<b>610,705,297</b>	<b>218,625,784</b>	<b>1,775,000</b>	<b>44,288,077</b>	<b>928,713,018</b>
At beginning of year	555,000	49,994,337	85,757,534	1,024,888	14,737,130	152,068,889
Depreciation expense	27,750	4,040,156	10,653,194	519,020	952,037	16,192,157
<b>At end of year</b>	<b>582,750</b>	<b>54,034,493</b>	<b>96,410,728</b>	<b>1,543,908</b>	<b>15,689,167</b>	<b>168,261,046</b>
<b>Net carrying value</b>	<b>52,736,110</b>	<b>556,670,804</b>	<b>122,215,056</b>	<b>231,092</b>	<b>28,598,910</b>	<b>760,451,972</b>

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

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

The land covered by TCT # 109-2015000619 and 109-2015000621 amounting to ₱52,438,860 with total area of 7,833 sqm located at F. Cimafranca St., Daro, Dumaguete City where the Company had constructed a multidisciplinary specialty medical facility (hospital) and is the subject of the real estate mortgage including all other existing and future improvements thereon as disclosed in Note 12. The fair market value of the land as at March 31, 2022 and December 31, 2021 approximates its cost.

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

#### NOTE 9 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts payable – suppliers <sup>2)</sup>	53,193,394	60,722,963
Accrued expenses <sup>1)</sup>	19,285,192	22,177,499
Retention payable <sup>3)</sup>	7,676,989	7,676,989
Accrued interest payable <sup>4)</sup>	3,543,777	3,019,956
Government liabilities <sup>5)</sup>	1,710,060	1,525,705
	<b>85,409,412</b>	<b>95,123,112</b>

<sup>1)</sup>Accrued expenses pertain to unpaid expenses incurred during the year.

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

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

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

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

---

#### NOTE 10 - NOTES PAYABLE

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

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

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

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

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

Notes payable as at December 31 is classified as follows:

	<b>March 31, 2022</b>	December 31,
	<b>(Unaudited)</b>	2021
		<b>(Audited)</b>
Notes payable - current portion	<b>92,000,000</b>	106,666,666
Notes payable - noncurrent portion	<b>374,500,000</b>	374,500,000
At end of year	<b>466,500,000</b>	481,166,666

Breakdown of the notes payable is as follows:

	<b>March 31, 2022</b>	December
	<b>(Unaudited)</b>	31, 2021
		<b>(Audited)</b>
Construction of hospital building	<b>342,000,000</b>	352,000,000
Medical equipments and hospital furniture	<b>74,500,000</b>	79,166,666
Working capital requirement	<b>50,000,000</b>	50,000,000
	<b>466,500,000</b>	481,166,666

In 2022 and 2021, finance costs pertaining to the notes payable were charged to profit and loss.

## NOTE 11 - 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 March 31, 2022 and December 31, 2021:

Category	Advances from shareholders	Amount of Advances from Transactions		Terms	Conditions
	2021	January 1 to March 31, 2022	March 31, 2022		
Advances from shareholders					
Non-interest- Bearing	899,454	900,500	1,799,954	Non-interest- bearing, to be paid in cash (a)	Unsecured, unguaranteed, not impaired
Interest Bearing	18,200,000	(2,500,000)	15,700,000	Interest-bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	19,099,454	(1,599,500)	17,499,954		

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

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

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

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

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

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

---

**NOTE 12 - SHARE CAPITAL**

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

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

Details of share capital as at December 31, 2021 are 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
<b>Total authorized share capital</b>	<b>240,000</b>	<b>240,000,000</b>
<hr/>		
Subscribed share capital:		
Founder’s shares	600	600,000
Common shares	164,820	164,820,000
<b>Total subscribed share capital</b>	<b>165,420</b>	<b>165,420,000</b>
<hr/>		
Paid-up share capital:		
Founder’s shares	600	600,000
Common shares	164,820	164,820,000
<b>Total paid-up share capital</b>	<b>165,420</b>	<b>165,420,000</b>

During the period, pursuant to the SEC’s approval of the Company’s registration statement of its public offering of its shares of stock, the Company has not issued any common shares. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one(1) block = ten (10) common shares].

As at March 31, 2022 and December 31, 2021, the Company has fifty-three (53) shareholders, each owning 100 or more shares of the Company's shares of stock. Founder's shares however, have the exclusive right to vote and be voted upon in the election of directors for five (5) years from the date of registration. Thereafter, the holders of Founder's shares shall have the same rights and privileges as holders of common shares.

---

**NOTE 13 - IMPACT OF CORONAVIRUS (COVID-19) UPDATE**

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

However, since the Company is still on its formative or organizational stage(s) and has not commenced full commercial operations, the Management have ascertained that the foregoing current circumstances of the prevailing influence on the Company's financial standing or status indicates neither a material impact nor an uncertainty exists that would affect the financial condition and operational results of the Company.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **2.1 OVERVIEW**

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.

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

## 2.1 RESULTS OF OPERATIONS

For the three months ended March 31, 2022, the Company's operation resulted to net income of P42.8 million.

### UNAUDITED INTERIM STATEMENTS OF FINANCIAL PERFORMANCE

	For the three months ended March 31			
	2022	2021	Peso change	% Change 2022 v 2021
Revenue, net	<b>100,503,719</b>	81,920,470	18,583,249	23%
Cost of sales	<b>60,427,605</b>	57,291,101	3,136,504	5%
Gross profit	<b>40,076,114</b>	24,629,369	15,446,745	63%
General and administrative expenses	<b>23,510,097</b>	29,199,884	(5,689,788)	-19%
Net operating income (loss)	<b>16,566,017</b>	(4,570,515)	21,136,533	462%
Finance cost	<b>7,421,128</b>	7,465,310	(44,182)	-1%
Net income (loss) before other charges	<b>9,144,889</b>	(12,035,825)	21,180,715	176%
Other charges	<b>600</b>	-	600	0%
Net income (loss)	<b>9,145,489</b>	(12,035,825)	21,181,315	176%

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

The Company's operating expenses pertain mainly to salaries and wages of administrative employees, allocated depreciation expense, utilities expense, janitorial, security and housekeeping expenses, taxes and licenses which represent 74% of the Company's total operating expenses. The total operating expenses decreased by 19% of P5.7 million in 2022 as compared to 2021.

For the three-months ended March 31, 2022, the Company has generated net income of P9.1 million.

## 2.2 FINANCIAL CONDITION

### UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

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

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

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

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

### 2.3 LIQUIDITY AND CAPITAL RESOURCES

The table below shows the Company's consolidated cash flows for the three months ended March 31, 2022 and 2021:

#### UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	For the three months ended March 31			
	2022	2021	Peso change	% Change 2022 v 2021
Net cash provided by (used in) operating activities	<b>5,605,644</b>	(4,452,952)	10,058,596	-226%
Net cash used in investing activities	<b>(4,740,844)</b>	(3,248,235)	(1,492,609)	46%
Net cash provided by financing activities	<b>(23,163,473)</b>	(3,325,310)	(19,838,163)	597%
Net decrease in cash	<b>(22,298,673)</b>	(11,026,497)	(11,272,176)	102%
Cash at beg of period	<b>36,298,880</b>	18,004,975	18,293,905	102%
Cash at end of period	<b>14,000,207</b>	6,978,478	7,021,729	101%

The Company believes that it has sufficient resources to finance its working capital requirements. The Company expects to regularly provide healthcare services which will generate cash inflow to the Company. All funding for the Company's operations for the next 12 months shall be internally generated.

Cash used in financing activities mainly pertain to the payment of principal loan in February 2022.

## 2.4 FINANCIAL SOUNDNESS INDICATORS

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies are required to include schedule showing financial soundness indicators in two comparative periods, as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current Assets	200,599,938	205,983,002
Current Liabilities	178,490,072	202,870,439
Current Ratio	1.12	1.02
Total Liabilities	570,490,026	596,469,893
Total Equity	410,292,577	401,147,087
Debt to equity ratio	1.39	1.49
Total Assets	980,782,603	997,616,980
Total Liabilities	570,490,026	596,469,893
Solvency ratio	1.72	1.67
Total Assets	980,782,603	997,616,980
Total Equity	410,292,577	401,147,087
Asset to equity ratio	2.39	2.49
Loss before Interest Expense and Taxes	16,566,618	55,052,724
Interest Expense	7,421,128	33,821,727
Interest rate coverage ratio	2.23	1.63
Net Income	9,145,490	21,230,997
Total Assets	980,782,603	997,616,980
Return on Asset ratio	1%	2%
Net Loss	9,145,490	21,230,997
Total Equity	410,292,577	401,147,087
Return on Equity ratio	2%	5%

## 2.5 RISK

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. Credit Risk – The Company manages the level of credit risk through comprehensive credit risk policy such as initial assessment of clients and accreditation of various Health Maintenance Organizations (HMO). 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. In addition, the Company has engaged with a third-party debt-recovery specialist (SPES Recovery Services) to collect long outstanding receivables.

- Liquidity Risk - The Company mitigates such risk through the availability of the credit line facility with the Land Bank of the Philippines amounting to ₱500,000,000 (₱400 million for construction and ₱100 million 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 report date, the Company has fully utilized the available credit facility for equipment and construction. Additionally, the Company has a ₱50 million short term loan used as working capital. As of December 31, 2021, the total credit line has been utilized already.

To strengthen its liquidity further, the Company actively manages and monitors its capital levels, asset levels, matching position, cash forecasts against established targets.

- Key Personnel – The Company 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.
- Others - In 2020, the COVID 19 global pandemic has caused a great impact on the company's operations. The Philippine government has taken drastic measures including lock downs to reduce the impact of the pandemic. Management is optimistic that notwithstanding the adverse effects brought about by the governmental restrictions and health regulations, the Company may still recover its shortfalls by the time the restrictions are lifted. In addition, the hospital trained workers in infection prevention and control practices and required the use of personal protective equipment for employees and guests.

## 2.6 KEY PERFORMANCE INDICATORS

The Company's management intends to analyze future results of operations through the following key performance indicators, among other measures:

	<b>Mar. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
<b>a. CURRENT RATIO</b> = Current assets / Current liabilities	1.12	1.02	0.45
Remarks: The current ratio measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. Current ratio in 2020 decreased as net result of the increase in loans payable and inventory. Current ratio in 2019 decreased compared to prior years due to the increase in payables as a result of the purchases of medical equipment and supplies used in the hospital operations.			
<b>b. DEBT TO EQUITY RATIO</b> = Debt / Equity	1.39	1.49	2.36
Remarks: Debt to equity ratio shows the proportions of equity and debt a company is using to finance its assets and it signals the extent to which shareholder's equity can fulfill obligations to creditors. Debt to equity in 2020 decreased as a net effect of the increase in loans payable and additional net loss during the year. The Company has availed of short term loans in 2020. Debt to equity in 2019 decreased as a result of the payment of the advances from shareholders, payment of current year loan amortization and sale of shares.			

<b>c. DEBT TO TOTAL ASSET RATIO = Debt / Asset</b>	0.58	0.60	0.71
<p>Remarks: Debt to total asset ratio is an indicator of a company's financial leverage. It is the percentage of a company's total assets that were financed by creditors. Debt to total asset ratio in 2020 decreased as result of additional loans availed during the year to finance the Company's operations and decrease in advances from shareholders. The debt to total asset ratio decreased in 2019 which means decrease in financial leverage and decrease in risk.</p>			
<b>d. ASSET TO EQUITY RATIO = Assets / Equity</b>	2.39	2.49	3.36
<p>Remarks: Asset to equity ratio shows the relationship of the total assets of the Company to the portion owned by shareholders. This ratio is an indicator of the company's leverage (debt) used to finance the firm. Asset to equity ratio in 2020 decreased due to the significant increase in deficit, share capital and share premium over increase in asset. Asset to equity ratio decreased in 2019 as result of the payment of advances to shareholders and sales of shares.</p>			
<b>e. PROFIT MARGIN = Net Income (Loss) / Net Revenue</b>	0.09	0.04	(0.26)
<p>Remarks: Profit margin is a measure of the Company's income (loss) relative to its revenue. It represents what percentage of revenue has turned into income or loss. Profit margin in 2021 slightly increased due to the Company's continuous improvement in its financial performance.</p>			

## **PART II – OTHER INFORMATION**

There are no other information not previously reported in SEC Form 17-C that need to be reported in this section.