

SEC Number : CS201506626
File Number :

**ALLIED CARE EXPERTS (ACE) MEDICAL
CENTER-TACLOBAN INC.**

(Company's Full Name)

BRGY. 78, MARASBARAS, TACLOBAN CITY

(Company's Address)

CS201423451

(TIN Number)

053-884322/ 09564614352

(Telephone Number)

N/A

(Fax Number)

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

Form Type

Each Active Secondary License Type and File Name: NONE

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

DEAR STOCKHOLDERS:

Please be informed that the Annual Stockholders' Meeting of Allied Care Experts (ACE) Medical Center- Tacloban, Inc. ("ACEMC-Tacloban") will be held on November 15, 2021 (Monday) at 8:00 o'clock in the morning, via Zoom Webinar, in light of the COVID pandemic.

For the conduct of the Webinar, please register on or before November 3, 2021, through the following link:

https://us06web.zoom.us/j/81132892915?tk=elHV2W0d0KxN1Tw9WuvETTRv-4FY78RDt9_tWJZ6Bs.DQMAAAAS4-Wy8xpmYWtlLTdfSjdSS3BTUEtyOHdxeVVkNzZZwAAAAAAAAAAAAAAAAAAAA&pwd=R0c0ZG1JUzUwNVJEeklaRnI1RTErdz09

Once you have successfully registered, you will receive a confirmation email containing information about the webinar meeting.

The link will provide you the process for the registration. You will receive a confirmation email once you have successfully registered in the platform, including the details and procedures in the conduct of the meeting. Voting will be done via the online tool which you can access once you have logged in to the Webinar; voting in the election of directors may also be done *in absentia* through the above link.

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

The Agenda:

- I. Call to Order
- II. Invocation
- III. Determination of Quorum
- IV. Welcome Message
- V. Reading and Approval of the Minutes of the Y2020 Annual Stockholders' Meeting
- VI. Presentation and Approval of the Y2020 Audited Financial Statements
- VII. President's Report

VIII. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation for the period December 30, 2020 to November 14, 2021

X. Election of the Board of Directors 2021-2022

XI. Appointment of External Auditor for the year 2021

XII. Other Matters

XIII. Adjournment

Only stockholders of record at the close of business on October 27, 2021, Thursday, shall be entitled to notice of and to vote at the meeting. If you cannot personally attend the meeting, you may opt to send your proxy to attend in your behalf. Kindly submit your duly executed proxy form with the undersigned, via email, at acemctacloban2015@gmail.com not later than 5:00 p.m. on November 14, 2021, but preferably, on November 3, 2021, to enable your proxy to register in the Zoom Webinar. Attached is a sample proxy form for your reference. [NOTE: Management is not soliciting proxies.]

The Information Statement and Management Report and SEC Form 17-A are available at the Corporation's website at <https://acemctacloban.com>

You may contact the undersigned via email at acemctacloban2015@gmail.com through mobile number 09178178394 if you have inquiries/concerns regarding the meeting.

Very truly yours,



LA RHAINE G. VIERNES

Corporate Secretary

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

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

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

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

4. SEC Identification Number: CS201423451

5. BIR Tax Identification Code: 008-917-666-000

6. Address of Principal Office: BRGY 78 MARASBARAS TACLOBAN CITY Postal Code: 6500

7. Registrant's telephone number, including area code: 053-884322 / 09564614352

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

Date : **November 15, 2021**
Time : **8:00 a. m.**
Place : **Bgy. 78 Marasbaras, Tacloban City**
[Via Zoom Webinar]

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
October 21, 2020.

10. In case of Proxy Solicitations: NOT APPLICABLE

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Founder's Shares	(As of August 31, 2021) – 600 Shares
Common Shares	(As of August 31, 2021) – 203,900 Shares

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

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Date, time and place of meeting of security holders.

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

Date : **November 15, 2021**
Time : **8:00 a. m.**
Place : **Bgy. 78 Marasbaras, Tacloban City**
[Via Zoom Webinar]

Complete Mailing Address of Principal Office of Registrant:

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

The approximate date on which the information statement is first to be sent and given to security holders shall be **October 21, 2021**.

Dissenter's Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the meeting which may give rise to a possible exercise by security holders of their appraisal right. Generally, however, under Section 80, Title X of the Revised Corporation Code of the Philippines, the stockholders of the Corporation have the right of appraisal under the following instances:

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

Under Section 81, Title X of the Revised Corporation Code, the dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: provided further, That upon payment by the corporation of the agreed price, the stockholder shall forthwith transfer the shares to the corporation.

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

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

B. CONTROL AND COMPENSATION INFORMATION**Voting Securities and Principal Holders Thereof**(a) Class of Voting Shares as of **August 31, 2021**:

	Shares Outstanding	No. of Vote Each Share Is Entitled
Common Shares:		
Filipino	203,900	One (1) vote per share
Foreign	-	One (1) vote per share
Total		

(b) Record Date:

All stockholders of record as of **October 27, 2021** are entitled to notice of and to vote at the Annual Stockholders' Meeting.

(c) Manner of voting:

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

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

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of August 31, 2021

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of August 31, 2021, are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Founder	Miguel Antonio Enriquez - son Michael Edward -son Marilyn Enriquez - wife Fernando P. Carlos – first	Enriquez, Amado Manuel Jr. C./Father	Filipino	27,930 -C 70 - F (Direct) 28,000 (Indirect)	23.33%
Common Founder	Amado Manuel Enriquez, Jr. -1 st cousin Miguel Antonio - nephew Enriquez Michael Edward-nephew Marilyn Enriquez- wife in-law	Fernando P. Carlos -first degree cousin	Filipino	15,960-C 40-F (Direct) 40,000 (Indirect)	23.33%
Common Founder	Amado Manuel C. Enriquez, Jr.-Father Fernando P. Carlos-Uncle Marilyn Enriquez- Mother Michael Edward Enriquez- Brother	Miguel Antonio Enriquez-son	Filipino	3,990-C 10-F [Direct] 52,000 (Indirect)	23.33%

(2) Security Ownership of Directors and Management as of August 31, 2021

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
BOARD OF DIRECTORS					
Enriquez, Amado Manuel Jr. C.	27,930,000	28,000,000	Filipino	27,930 (common shares) 70 (founder shares)	23.33%
Carlos, Fernando P.	15,960,000	40,000,000	Filipino	15,960 (common shares) 40(founder shares)	23.33%
Arroyo,Nestor Jogie	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Abriol Santos,Ma. Rosario	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Cerna- Lopez, Geanie C.	3,990,000	4,000,000	Filipino	3990 (common shares) 10 (founder shares)	3.33%
Enriquez, Miguel Antonio R.	3,990,000	52,000,000	Filipino	3990 (common shares) 10 (founder shares)	23.33%
Enriquez, Michael Edward R.	3,990,000	52,000,00	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Dela Rosa, Carlos	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Merin, Fe G.	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Nuevas, Nimfa L.	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Latorre, Rosario E.	3,990,000	-	Filipino	3990 (common shares)	1.67%

				10 (founder shares)	
Samoy, Marietta T.	7,980,000	-	Filipino	7,980 (common shares) 20 (founder shares)	3.33%
Opinion, Ma. Lourdes F.	3,990,000	-	Filipino	3,990 (common shares) 10 (founder shares)	1.67%
Tobio , Everly Joy	3,990,000	-	Filipino	3,990 (common shares) 10 (founder shares)	1.67%
Viernes, La Rhaine G.	3,990,000	4,000,000	Filipino	3,990 (common shares) 10 (founder shares)	3.33%
Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Shares	% Ownership
	Direct	Indirect			
EXECUTIVE OFFICERS					
Enriquez, Amado Manuel Jr. C.	27,930,000	28,000,000	Filipino	27,930 (common shares) 70 (founder shares)	23.33%
Arroyo, Nestor Jogie	3,990,000	–	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Carlos, Fernando P.	15,960,000	40,000,000	Filipino	15,960 (common shares) 40(founder shares)	23.33%
Abriol Santos, Maria Rosario	3,990,000	–	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Viernes, La Rhaine G.	3,990,000	4,000,000	Filipino	3,990 (common shares) 10 (founder shares)	3.33%
Nuevas, Nimfa L.	3,990,000	-	Filipino	3990 (common shares) 10 (founder shares)	1.67%
Samoy, Marietta T.	3,990,000	–	Filipino	3990 (common shares) 10 (founder shares)	3.33%
Enriquez, Michael Edward	3,990,000	52,000,000	Filipino	3990 (common shares) 10 (founder shares)	1,67%

(3) There are no voting trust holders of 5% or more.

(4) The Company is not aware of any voting trust agreement/s or similar agreement/s which may result in a change in control of the Company.

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

Directors and Executive Officers

(a) Directors/Nominees and Executive Officers

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

1. Enriquez, Amado Manuel Jr. C.
2. Carlos, Fernando P.
3. Abriol-Santos, Ma. Rosario L.
4. Arroyo, Nestor Jogie C.
5. Cerna-Lopez, Geanie A.
6. De la Rosa, Carlos
7. Enriquez, Michael Edward
8. Enriquez, Miguel Antonio
9. Latorre, Rosario E. – Independent Director
10. Merin, Fe G.
11. Nuevas, Nimfa L.
12. Opinion, Ma. Lourdes – Independent Director
13. Samoy, Marietta T.
14. Tobio, Everly Joy P. – Independent Director
15. Viernes, La Rhaine G.

Nominees for Election as Members of the Board of Director

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

1. Fernando P. Carlos
2. Amado Manuel C. Enriquez, Jr.
3. Miguel Antonio Enriquez
4. Roberto De Leon
5. Felix Nolasco
6. Marissa Orillaza - Independent Director
7. Florentina Ty - Independent Director
8. Marieta Samoy
9. Ma. Rosita Adolfo
10. Sonia C. Sim
11. Maria Pilipinas D. Jaya
12. Emmanuel A. Rosales - Independent Director
13. Audrey Katherina A. Santo
14. Mary Grace T. Uy
15. Earl Courtney A. Viernes

The Company has complied with the guidelines on the nomination and election of independent directors as set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The nominated independent directors are as follows: Dr. Rosario E. Latorre, Dr. Ma. Lourdes Opinion, Dr. Everly Joy Tobio were nominated by Dr. Sonia Sim, Dr. Pilipinas Jaya and Dr. Rosario Latorre respectively. The nominees are not related to their respective nominating stockholder and were pre-screened by the Nominations Committee composed of Rosario E. Latorre, Eulogio Penalosa and Sonia Sim.

The Company's key executive officers as of August 31, 2021 are as follows:

Fernando P. Carlos	- President
Ma. Rosario Abriol Santos	- Vice President
La Rhaine G. Viernes	- Corporate Secretary
Nimfa L. Nuevas	- Corporate Treasurer
Marietta T. Samoy	- Assistant Corporate Secretary
Michael Edward Enriquez	- Assistant Treasurer

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

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

Significant Employees

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

Family Relationships

Except for Drs. Amado Manuel Enriquez, Jr., Marilyn Enriquez, Michael Edward Enriquez and Miguel Antonio R. Enriquez, who are father, wife and sons respectively, Dr. Fernando P. Carlos, first cousin of Dr. Amado Manuel Enriquez and the uncle of Dr. Miguel Enriquez and Dr. Michael Edward Enriquez; Drs. Earl Courtney Viernes and La Rhaine Viernes, who are husband and wife, Eng. Generoso Orillaza and Dr. Marissa Orillaza who are husband and wife, Dr. Geanie Cerna-Lopez and Mark Joseph Lopez who are mother and son, and Dr. Evangeline Zozobrado and Augustin Zozobrado who are husband and wife and Dr. Florentina Ty and Virginia Ty who are mother and daughter, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

Involvement in Certain Legal Proceedings

The Company or any of its affiliates is not involved in any material legal proceeding.

The following Directors or Executive Officers have been involved in the following legal proceedings in their capacity as directors/officers of Allied Care Experts (ACE) Medical Center-Cebu Inc., during the last five (5) years that are material to an evaluation of their ability or integrity to act as such:

1. Amado Manuel C. Enriquez
2. Geanie Cerna-Lopez
3. Marietta T Samoy
4. Generoso M. Orillaza
5. Evangeline Zozobrado

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

On March 7, 2018, complainants Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia, through counsel filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint. However, the complaint for Manila based Doctors are yet to be served.

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

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

On February 5, 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgment, but the same was opposed by the defendants on May 15, 2018. The Court has not yet ruled on the plaintiff's Motion for Partial Summary Judgment of May 2, 2018. Unless the Court resolves the Motion for Summary Judgment by the plaintiff, the case will not move on.

The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. A Mediation Conference was conducted last June 16, 2021, however, no amicable settlement reached. Thus, the pre-trial set on August 13, 2021 shall proceed.

Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. Al vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez and Velma T. Chan

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

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

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.

Certain Relationships and Related Transactions

**June 30, 2021
(Unaudited)**

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 16,010,994	₱ 21,872,037	(6)	(7)
Loans receivable- ACE Medical Center- Pateros, Inc.	Interest	₱37,232	₱303		
	Collection (Principal and interest)	(1,536,293)	₱ 34,691	(3)	(7)

Loans receivable-ACE Medical Center-Quezon City	Interest Collection (Principal and interest)	₱65,251 (2,306,919)	₱296 ₱ 61,581	(3)	(7)
December 31, 2020					
(Audited)					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Payment	₱(77,374,736)	₱ 5,861,043	(6)	(7)
Loans receivable-ACE Medical Center-Pateros, Inc.	Collection (Principal and Interest)	₱(8,003,641)	₱1,570,984	(3)	(7)
Loans receivable-ACE Medical Center-Quezon City	Collection (Principal and Interest)	₱(4,034,570)	₱2,368,500	(3)	(7)

Terms and Conditions:

- (1) Interest bearing, collectible in cash in 3-months
- (2) Collectible in cash and on demand
- (3) Interest bearing, collectible in cash
- (4) Payable in cash and on demand
- (5) Secured by acceptable real or personal property
- (6) Non-interest bearing, no scheduled repayment terms
- (7) Unsecured

Loans Receivable

The Company extended loans to ACE Medical Center – Pateros, Inc. and ACE Medical Center – Quezon, Inc. amounting to ₱40,000,000 and ₱20,000,000, respectively with a 5.25% interest rate per annum. These loans are payable until 2021.

Interest earned from this loan receivable amounted to ₱102,483, and ₱682,144 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

Cash Advances

The Company obtains cash advances from shareholders to finance the on-going construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

(b) Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary	Bonus	Other Compensation
A. Fernando P. Carlos President	- 0 -	- 0 -	- 0 -	- 0 -
B. Vice-President				
B. Maria Nimfa Nuevas Treasurer	- 0 -	- 0 -	- 0 -	- 0 -
C. La Rhaine G. Viernes Corporate Secretary	- 0 -	- 0 -	- 0 -	- 0 -
D. Aggregate For The Above Named CEO & Officers	2021-Estim.	- 0 -	- 0 -	- 0 -
	2020	- 0 -	- 0 -	- 0 -
	2019	- 0 -	- 0 -	- 0 -
E. Aggregate For The Officers And Directors As A Group	2021-Estim.	- 0 -	- 0 -	- 0 -
	2020	- 0 -	- 0 -	- 0 -
	2019	- 0 -	- 0 -	- 0 -

- a. Except for per diem (P10,000.00/board meeting) for each director during board meetings, there are no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.
- b. The Company has no existing options, warrants or rights to purchase any securities.

(c) Independent Public Accountants

The Company's external auditor is the auditing firm of PEREZ SESE VILLA AND CO. CPAs. For the year 2021, the same auditing firm is being recommended by the Board, based on the recommendation of the Audit Committee composed of Dr. Everly Joy Tobio (Chairman), Dr. Joyce Matoza and Dr. Rosario E. Latorre, for a fee of P 250,000.00, exclusive of VAT and out-of-pocket expenses.

- a. The Audit committee evaluates proposals based on the quality of service, commitment for deadline and fees. The committee may require a presentation from each proponent to clarify some issues.
- b. PEREZ SESE VILLA AND CO. CPAs., represented by its engagement partner, Ms. Alma Sese, 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 Ms. Sese for more than five years.
- c. Representatives of PEREZ SESE VILLA 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.
- d. During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.
- e. The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor are as follows:
For the year 2021- P101,600.00 (accrued and paid as of 2021)
For the year 2020- P 152,400.00 (billed and paid in 2021)
- f. The above audit fees are inclusive of the following: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's financial statements (P89,600); and (b) All Other Fees, including estimated out of pocket expenses accrued by the Company as of 2021(P 12,000.00).

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

C. OTHER MATTERS

Action with Respect to Reports

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

- i. Minutes of the December 27, 2020 Annual Stockholders' Meeting. The Minutes cover the following items:

- I. Call to Order
- II. Invocation
- III. Determination of Quorum
- IV. Welcome Message
- V. Reading and Approval of the Minutes of the Y2019 Annual Stockholders' Meeting
- VI. Audited Financial Report 2019
- VII. President's Report
- VIII. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
- IX. Amendments of the Articles of Incorporation and By-Laws
 1. Section 6, Article II of the by-laws (Tele/Video Conference)
 2. Section 6, Article III (Tele/Video Conference)
 3. Section 7, Article II (Manner of voting and Submission of Proxies)
 4. Section 8, Article II (Closing of Transfer of Books or Fixing of Record Date)
 5. Section 1, Article II (Date of Annual Stockholders' Meeting)
- X. Election of the Board of Directors 2020-2021
- XI. Appointment of External Auditor for the year 2020

XII. Other Matters
XIII. Adjournment

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

- ii. Audited Financial Statements for the year ending 31 December 2020.

Other Proposed Actions

1. Ratification of all corporate acts and resolutions during the past year of the Board, Officers and Management. These acts are covered by resolutions duly adopted in the usual course of business such as opening of bank accounts and designation of authorized signatories for various transactions, etc.
2. Election of Directors including Independent Directors for Y2021-2022
3. Appointment of External Auditor for fiscal year ending 31 December 2021

Amendment of Charter, By-Laws and other Documents

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

Voting Procedures

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

Method of Counting Votes

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

Compliance with Section 49 of the Revised Corporation Code

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

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

The following matters were taken up:

- I. Reading and Approval of the Minutes of the Y2019 Annual Stockholders' Meeting
- II. Audited Financial Report 2019
- III. President's Report
- IV. Ratification of the Acts and Proceedings of the Board of Directors, Officers, and Management of the Corporation
- V. Amendments of the Articles of Incorporation and By-Laws
 1. Section 6, Article II of the by-laws (Tele/Video Conference)
 2. Section 6, Article III (Tele/Video Conference)
 3. Section 7, Article II (Manner of voting and Submission of Proxies)
 4. Section 8, Article II (Closing of Transfer of Books or Fixing of Record Date)
 5. Section 1, Article II (Date of Annual Stockholders' Meeting)
- VI. Election of the Board of Directors 2020-2021
- VII. Appointment of External Auditor for the year 2020
- VIII. Other Matters
- IX. Adjournment

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

Name of Nominee	Number of Votes
1. Abriol Santos, Ma. Rosario	172,501 votes
2. Arroyo, Nestor Jogie	172,501votes
3. Carlos, Fernando P.	172,501 votes
4. Dela Rosa, Carlos	172,5010 votes
5. Enriquez, Amado Manuel C.,Jr.	172,501 votes
6. Enriquez, Miguel Antonio	172,501votes
7. Enriquez, Michael Edward	172,501 votes
8. Latorre, Rosario E.	172,501 votes
9. Lopez, Geanie Cerna	172,501votes
10. Merin, Fe G.	172,501 votes
11. Nuevas, Nimfa L.	172,501votes
12. Opinion, Ma. Lourdes F.	172,501 votes
13. Samoy, Marietta	172,501 votes
14. Tobio, Everly Joy	172,501 votes
15. Viernes, La Rhaine G.	172,501 votes

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

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

Below is the Board Performance Appraisal Report for the year 2020:

PERFORMANCE ASSESSMENT FOR THE BOARD OF DIRECTORS

(January 1, 2020- December 31, 2020)

Good Corporate Governance Principles and Practices	Rating
1. The Board is composed of competent, hardworking members that foster the long-term success of the corporation and sustain its competitiveness and growth.	5
2.The Board is headed by a competent and qualified chairperson.	5
3. The Board practices diversity which avoids groupthink and ensures that optimal decision-making is achieved.	4
4. The Board members act on a fully-informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders and all other stakeholders	5
5. The Board oversees the development of and approves the company's business and strategy and monitor its implementation, in order to sustain the company's long-term viability and strength	5
6. The Board ensures an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the company.	4
7. The Board aligns the remuneration of key officers and board members with the long-term interest of the company.	5
8. The Board has adopted a formal nomination and election policy which provides for the procedures on how the Board accepts nominations.	5
9. The Board ensures the integrity of related party transactions and other unusual transactions, particularly those which pass certain threshold materiality. The Board reviews and approves material RPTs to guarantee fairness and transparency of the transactions.	5

10. The Board has an internal control system in place and a mechanism to monitor and manage potential/actual conflicts of interests of board members, management and shareholders.	4
11. Board has organized board committees to support the effective performance of the board functions, particularly, with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration.	5
12. The Board endeavors to exercise an objective and independent judgment on all corporate affairs.	5
13. The Board has at least 2 independent directors, or at least 20% of the members of the Board, whichever is higher.	4
14. The Board regularly carries out evaluations to assess its performance as a body, and whether it possesses the right mix of backgrounds and competencies.	4
15. The Board applies high ethical standards, taking into account the interests of all stakeholders.	5
16. The Board has established corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.	5

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Tacloban on **October 6, 2021**.

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

By:



LA RHAINE G. VIERNES
Corporate Secretary

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

Allied Care Experts(ACE) Medical Center-Tacloban Inc.
Baranggay 78 Marasbaras, Tacloban City
Attention: The Corporate Secretary

ANNEX "A"**INCUMBENT BOARD OF DIRECTORS/NOMINEES**

Name	Business and Professional Work Experience for the Past five(5) Years
<p>AMADO MANUEL C. ENRIQUEZ, JR. 69 Filipino</p>	<p>Chairman of the Board – Manila East Medical Center (2007-2008, 2017); Paranaque Doctors Hospital (2012-2017); ACE Medical Center Baypointe, Subic (2007-2011); Unihealth Paranaque Hospital (2014-2017); Alaminos Medical Center Foundation (2001-present)</p> <p>Founding Chairman – ACE Medical Center Valenzuela, ACE Medical Center Baliwag, ACE Medical Center Pateros, ACE Medical Center Malolos, ACE Medical Center Mandaluyong, ACE Medical Center Palawan, ACE Medical Center Iloilo, ACE Medical Center Tacloban, ACE Dumaguete Doctors, Inc., ACE Dumaguete Doctors, Inc., ACE Medical Center Bacolod, ACE Medical Center General Santos, ACE Medical Center CDO, ACE Medical Center Dipolog, ACE Medical Center Zamboanga, ACE Medical Center Butuan</p> <p>Active consultant in Cardiovascular-Thoracic Surgery – St. Luke's Medical Center, Manila East Medical Center, ACE Medical Center Hospitals.</p>

CARLOS, FERNANDO P. 60, Filipino	ACE Medical Center – Pateros, President (2011 – present); ACE Medical Center –QC, President (2012 – present); ACE Medical Center – Tacloban, President; (2014 – present); ACE Medical Center – Dipolog, President (2017 – present); ACEMC-Sariaya, President (2019- Present) Affiliations: Philippine Society for Cosmetic Surgery Inc. Philippine Society for Liposuction Surgery Inc. Facial Aesthetics Core of ENT Surgeons
ABRIOL SANTOS, MA. ROSARIO L. 59, Filipino	Resident Physician – Samar Provincial Hospital; Chapter Physician of Family Planning Organization; Private practitioner- Richmark Medical Clinic Facial and Skin Care Centre ;Budget and Planning Director, ACEMC-Tacloban January 2021 to present
CERNA- LOPEZ, GEANIE C 68, Filipino	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)
ENRIQUEZ, MIGUEL ANTONIO 33, Filipino	ACE Medical Centre Valenzuela - Hospital Administrator; ACE Medical Center- Quezon City, Vice President; ACE Medical Centre Pateros - Vice President ; ACE Medical Center- Tacloban –Board of Director
ARROYO, NESTOR JOGIE C. 55, Filipino	ACE Dumaguete Doctors- Founding Member, Board of Director, consultant Anesthesiologist; Las Pinas Doctor's Hospital- Member, Board of Director, consultant Anesthesiologist; Hospital Administrator; Las Pinas City Medical Center- Board Member, Consultant Department of Anesthesiology; Medical Center Paranaque- Consultant Anesthesiologist; St Luke's Medical Center Consultant Department of Anesthesiology; Alabang Medical Center- Consultant Anesthesiologist; Healthway Medical Clinics- Consultant Anesthesiologist; Clinic Systems Incorporated – Consultant Anesthesiologist; Life Alert Emergency Clinic – Consultant Anesthesiologist; Asia Pacific Eye –Center- Founding Member, Board of Director, Consultant anesthesiologist; Muntinlupa-Paranaque- Las Pinas Holdings Inc. - Founding–Member, Board of Director; Alabang Medical Center- Consultant Anesthesiologist Asia Eye Institute- Consultant Anesthesiologist; Carmona Hospital & Medical Center- Consultant Anesthesiologist; Clinic System Incorporated – Consultant Anesthesiologist; Evangelista Medical Specialty Hospital- Consultant Anesthesiologist; Healthway Medical Clinics- Consultant Anesthesiologist; New Sinai Hospital & Medical Center- Consultant Anesthesiologist; Paranaque Doctors' Hospital- Consultant Anesthesiologist; St. Lukes Medical center Quezon City- Consultant Anesthesiologist.

Name	Business and Professional Work Experience for the Past five(5) Years
<p>MERIN FE G. 65, Filipino</p>	<p>Faculty Member- Divine Word University College of Medicine (1982-1986, 1990-1995); Faculty Member- RTRMF College of Medicine (1995-1999); Chairman, Dept. of Obstetrics-Gynecology- Divine Word Hospital (1995- 1998); Consultant – Divine Word Hospital (1991-present); President, POGS Region 8 (2003 & 2004) Regional Director, POGS Region 8 (2010-2012); Board of Director, POGS Region 8 (2013-2016) Vice Chairman & Hospital Administrator, ACEMC Tacloban (2014 – present) Administrator – ACEMC-Tacloban 2019 up to present</p> <p>Hospital Affiliation: ACEMC- TACLOBAN –Active Consultant Divine Word Hospital- Visiting Consultant</p>
<p>NUEVAS, NIMFA L. 53,Filipino</p>	<p>Chairman Dept of Ob-Gyn MMH 2000-2018;President POGS Reg 8 Chapter; Corp Treasurer POGS Reg 8 Chapter 2018;Asst Treasurer POGS Reg 8 Chapter March 2019-present; Corp Treasurer ACEMC-Tacloban 2015-present; Assistant Treasurer- Tagum Global Medical Center Inc. 2018 up to present; Member Phil Society of Climacteric Medicine</p> <p>Hospital Affiliation: ACEMC- TACLOBAN –Active Consultant Mother of Mercy Hospital –Visiting consultant RTR Hospital –Visiting Consultant Divine Word Hospital- Visiting Consultant</p>
<p>DELA ROSA, CARLOS 51, Filipino</p>	<p>ACE Medical Center- Tacloban, Inc. Founder; Retired Banker</p>
<p>SAMOY, MARIETTA T. 63, Filipino</p>	<p>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)</p>
<p>LATORRE, ROSARIO E. 50, Filipino</p>	<p>Consultant – Divine Word Hospital (1998 – present); ACE MEDICAL CENTER- TACLOBAN, INC. Founder Director of Medical Records Department 2018- 2020, Active Consultant Positions : Lecturer – RTRMF College of Medicine; Training Officer Department of Pediatrics; Divine Word Hospital, Chairman Dept. of Pediatric.</p> <p>Hospital Affiliations: ACEMC- TACLOBAN – Consultant Divine Word Hospital – consultant</p>

Name	Business and Professional Work Experience for the Past five(5) Years
ENRIQUEZ, MICHAEL EDWARD 34, Filipino	ACE Medical Center- Quezon City Vice President, Assistant Finance Officer ; ACE Medical Center- Tacloban Board of Director, Assistant Corporate Treasurer Affiliations ; ACE Medical Center- Quezon City Ace Medical Center - Tacloban
OPINION, MARIA LOURDES F. 59, Filipino	Municipality of Jaro Leyte- Municipal Health Officer 1990 to Present Bing Face and Skin Clinic – Dermatologist and Proprietor ACE Medical Center –Tacloban, Inc- Founder Director Nursing Service Department -2020;
VIERNES, LA RHAINE G. 52,Filipino	ACE Medical Centre Tacloban, Board Secretary (2015 – present); ACE Medical Centre Palawan, Board Assistant Secretary (2017); Council Secretary (2017 – present);Council Vice President 2018 – present) MMH Hospital Tacloban City - Active Consultant (2014 – present); RTR Hospital Tacloban City - Training Officer (2014-2015); Department of Pediatrics, Bethany Hospital Training Officer (2003 – 2013); Department of Pediatrics, RTR Hospital Tacloban City - Pediatrics Consultant (2001 – present); Bethany Hospital Therapeutics and Pharmacy Committee Member (2005 – 2013); Credentials and Ethics Committee (2005 – 2013); Department of Pediatrics, Divine Word Hospital, Consultant Staff (2001 – present); Department of Pediatrics, Philippine Children's Medical Centre - Resident Physician (January 1995 – January 1998); Leyte Medical Society –Treasurer; Philippine Pediatric Society- Eastern Visayas- Secretary (2011-2013); Philippine Pediatric Society- Eastern Visayas-Vice President (2014-2016); Philippine Pediatric Society- Eastern Visayas-Chapter President (2016-2018), Philippine Pediatric Society- Eastern Visayas-ADVISORY BOARD (2020) Hospital Affiliations: ACEMC- TACLOBAN –Active Consultant Mother of Mercy Hospital –Active consultant RTR Hospital –Active Consultant Divine Word Hospital- Visiting Consultant
TOBIO, EVERLY JOY 49,Filipino	Philippine Pediatric Society; Philippine Society of Hematology and Blood Transfusion; Philippine Society of Pediatric Hematologists ACE Medical Center- Tacloban, Inc. Founder Director Laboratory Medicine 2019 to Present Hospital Affiliation: Remedios Trinidad Romualdez Hospital Tacloban City Divine Word Hospital – Tacloban City

INCUMBENT OFFICERS

Name	Business and Professional Work Experience
AMADO MANUEL C. ENRIQUEZ, JR. 69, Filipino (Chairman)	<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>
CARLOS, FERNANDO P. 60, Filipino (President)	<p>ACE Medical Center – Pateros, President (2011 – present); ACE Medical Center –QC, President (2012 – present); ACE Medical Center – Tacloban, President (2014 – present); ACE Medical Center – Dipolog, President (2017 – present); Founder and Board of Directors of other ACE Hospitals.</p> <p>Hospital Affiliations: ACE medical center- Quezon City ACE Medical Center- Pateros ACE Medical Center- Tacloban ACE Medical center- Dipolog</p>
NUEVAS, NIMFA L. 54, Filipino (Corporate Treasurer)	<p>Chairman Dept of Ob-Gyn MMH 2000-2018; President POGS Reg 8 Chapter; Corp Treasurer POGS Reg 8 Chapter 2018; Asst Treasurer POGS Reg 8 Chapter March 2019-present; Corp Treasurer ACEMC-Tacloban 2015-present; Assistant Treasurer- Tagum Global Medical Center Inc. 2018 up to present; Member Phil Society of Climacteric Medicine</p> <p>Hospital Affiliations: ACEMC- TACLOBAN –Active Consultant Mother of Mercy Hospital –Visiting consultant RTR Hospital –Visiting Consultant Divine Word Hospital- Visiting Consultant</p>

Name	Business and Professional Work Experience
<p>VIERNES, LA RHAINE G. 53,(Corporate Secretary)</p>	<p>ACE Medical Centre Tacloban, Board Secretary (2015 – present); ACE Medical Centre Palawan, Board Assistant Secretary (2017); Council Secretary (2017 – present); Council Vice President 2018 – present) MMH Hospital Tacloban City - Active Consultant (2014 – present); RTR Hospital Tacloban City - Training Officer (2014-2015); Department of Pediatrics, Bethany Hospital Training Officer (2003 – 2013); Department of Pediatrics, RTR Hospital Tacloban City - Pediatrics Consultant (2001 – present); Bethany Hospital Therapeutics and Pharmacy Committee Member (2005 – 2013); Credentials and Ethics Committee (2005 – 2013); Department of Pediatrics, Divine Word Hospital, Consultant Staff (2001 – present); Department of Pediatrics, Philippine Children's Medical Centre - Resident Physician (January 1995 – January 1998); Leyte Medical Society –Treasurer; Philippine Pediatric Society- Eastern Visayas- Secretary (2011-2013); Philippine Pediatric Society- Eastern Visayas-Vice President (2014-2016); Philippine Pediatric Society- Eastern Visayas-Chapter President (2016-2018), Philippine Pediatric Society- Eastern Visayas-ADVISORY BOARD (2020)</p>

MANAGEMENT REPORT

A Independent Auditor

During the two most recent fiscal years or any subsequent interim period, the Company's independent accountant, Perez Sese Villa and Co. CPAs has not resigned, nor was dismissed or otherwise ceased performing services for the Company; there were no disagreements with the said independent accountant on any matter of accounting and financial disclosure. The Board of Directors is recommending the same independent auditor for the year 2021.

B Description of Business

ACE Medical Center – Tacloban, Inc. is a stock corporation duly organized under the laws of the Republic of the Philippines on December 2, 2014. ACEMC-Tacloban originally had an authorized capital stock of One Hundred Twenty Million Pesos (120,000,000.00) divided into Six Hundred (600) Founders' shares and One Hundred Nineteen Thousand Four Hundred (119,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share.

On May 10, 2018, the Securities and Exchange Commission approved the Issuer's application to increase its authorized capital stock from One Hundred Twenty Million Pesos (120,000,000.00) divided into Six Hundred (600) Founders' shares and One Hundred Nineteen Thousand Four Hundred (119,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share to Two Hundred Forty Million Pesos (240,000,000.00) divided into Six Hundred (600) Founders' shares and Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share.

ACE Medical Center-Tacloban, Inc. was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research 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 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 hospital serves the medical needs of the residents of Tacloban City, especially in Barangay Marasbaras, nearby Barangays and Municipalities, and the whole of Leyte, Samar and Biliran Provinces. It provides world- class medical facilities that house medical specialists who are competent and fully qualified in their line of work and equally efficient and well-motivated employees and management staff, some of which are subscribers to the capital stock of the Corporation.

The hospital building has already been completed as of December 2019 and the hospital has been fully operational since July 28, 2019.

Competition

The Company's principal competitors are the following:

NAME OF HOSPITAL	LEVEL	BED CAPACITY	LOCATION/ ADDRESS	FINANCIAL MARKET
Divine Word Hospital (DWH)	III	150	-Located in the heart of the downtown area of Tacloban City - Approximate distance is 2.5 km	-Largest and most equipped hospital of Tacloban City. -Funded by the Society of Divine Word (SVD) and operated by the Benedictine Sisters(OSB).
			from ACEMC Tacloban	-Approximately 50% of patients from Tacloban City and the nearby towns are admitted in this hospital. -Waiting time at the Emergency Room is 12-24 hours on the average due to lack of beds.
Mother of Mercy Hospital (MMH)	II	75	-Located in the downtown area of Tacloban City. -Approximate distance is 1km from DWH and 2 km from ACEMC Tacloban	-Owned and managed by the Sisters of Mercy Congregation. - Approximately 20% of patients from Tacloban City and the nearby towns are admitted in this hospital. -Spillover of patients from DWH are admitted in this hospital.
Remedios T. Romualdez Hospital (RTRH)	II	100	-Located around 1.5km from ACEMC Tacloban	-Owned and managed by the RTR Medical Foundation. -Approximately 30% of patients from Tacloban City and the nearby towns are admitted in this hospital.
Eastern Visayas Medical Center (EVRMC)	III	500	Barangay Cabalawan, Bagacay, Tacloban City, approx 5.6 kilometers from ACEMC-Tacloban	teaching and training government hospital. It caters the less fortunate or marginalized group in the society.

The strategic location¹ of ACE Medical Center-Tacloban primarily influence the decision of the medical practitioners to subscribe to the shares of stock of the Hospital. Once the Doctor decides where to practice, price and quality of facility plus management come as the next factors. Good location, proximity to patients, reasonableness of the offer price and quality of the facilities enable ACE Medical Center-Tacloban, Inc. to effectively compete with its competitors within the area.

Patients will find a better ambiance with ACE Medical Center-Tacloban due to its carefully planned, designed, constructed hospital building. Its advantage is not simply its newly built structure but it also boasts of world-class facilities and new equipment.

ACE Medical Center-Tacloban is a one-stop-shop with its latest technology, complete laboratory and imaging facilities such as MRI, CT Scan, Digital X- ray and Mammogram, 2D Echo and Physical & Occupational Therapy and Rehabilitation Facilities and Equipment. Specialized services are also present such as HORIA Center (Hematology, Oncology, Rheumatology, Immunology and Allergology Center), Hemodialysis Center, ENT and Eye Center, Diabetes Center, Poison and Bite Center and Concierge Medicine.

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.

Customer

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

Government Regulations

ACE Medical Center - Tacloban, Inc. has secured the necessary permits to construct the Hospital. This includes Building Permit, Mechanical, Electrical, Plumbing, Fire and Electronics permit, as well as Business permit and BIR registration. The Occupancy Permit was issued by the Office of the Building Official last March 20, 2019. The Fire Permit and the Sanitary Permit were granted last January 4, 2019 and July 16, 2019, respectively.

In the course of its operation, ACE Medical Center – Tacloban, Inc. secured permits and licenses from national and local government entities such as Environmental Compliance Certificate and Hazardous Waste Permit from DENR and Business Permit from BPLO of Tacloban City.

The DOH conducted ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of ACE Medical Center – Tacloban last June 13, 2019. This is to ensure that the hospital is compliant with the standards of the Department prior to issuance of the LTO. The License to Operate (LTO) was received last July 23, 2019 with License Number 08-0018-19-H2-2.

The Company is not involved in any legal proceedings.

Employees

Total number of full-time employees as of August 31, 2021, is 287. The breakdown is as follows:

	CBA	Non-CBA	Total
Rank and File		244	244
Supervisors	-	25	25
Managers and Top Management	-	18	18
Total		287	287

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.

Securities of the Registrant

Market Price, Dividend and Related Stockholder Matters

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

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Market Price	2019	2020	2019	2020	2019	2020	2019	2020
High	-	-	-	-	-	-	-	-
Low	-	-	-	-	-	-	-	-

The price as of August 31, 2021 (latest practicable trading date) is P350,000.00.

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

There are approximately 1,282 holders of common and founders shares of the Company as of August 31, 2021.

Please refer to Annex “C” for the list of top 20 stockholders as of August 31, 2021.

No dividends were declared in 2020.

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

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

FOR THE SECOND QUARTER OF 2021

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the three months ended June 30, 2021, 2020 and 2019:

	Six Months Ended June 30		
	2021	2020	2019
Income Statement Data			
Revenue	₱ 182,227,253	₱ 78,519,534	₱ -
Other Income	2,150,415	2,574,449	7,622
Cost of Sales and Services	(118,841,953)	(88,298,677)	-

Operating Expenses	(40,920,987)	(20,160,140)	(23,159,785)
Finance Cost	(18,843,175)	(21,571,122)	(15,750,280)
Operating Income (Loss)	5,771,553	(48,935,956)	(38,902,443)
Net Income (Loss)	₱ 6,244,226	₱(34,257,055)	₱ (38,902,443)

Revenue for the six months ended June 30, 2021 is higher by 132% than the revenue of ₱78.5M as of June 30, 2020. This can be attributed to COVID-19 which started to spread in early March 2020 which prompted the government to implement enhanced community quarantine and social distancing measures and restrictions. This resulted to a decrease in admission for the first and second quarter of 2020. As the battle against the spread of COVID-19 continued, measures on monitoring and tracking system have been put in place which allowed people to resume work on a limited workforce. Local government borders have started to allow movement to and from the city, thus allowing more patients to visit hospitals for medical services. This resulted to a gradual increase in the number of inpatients as well as outpatients. The increasing number in COVID-19 patients contributed in the increase in revenue for the first six months of 2021.

Cost of sales and services for the period ending June 30, 2021 are higher than June 30, 2020 by 31%. This is primarily due to increase in related expenses such as supplies, salaries and wages and benefits, professional and service fees.

The 141% increase in operating expenses for the six months ended June 30, 2021 compared to six months ended June 30, 2020 is primarily due to the increase in admin related salaries and wages and benefits, directors and officers allowance, taxes and licenses, depreciation, utilities, outside services, training and development, advertising/promotion/marketing, repairs and maintenance, insurance, office supplies, professional fees, insurance, representation, miscellaneous expenses and recognition of credit losses.

Finance cost decreased by 13% due to partial payment of loans in 2021 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.

Revenues generated for the first and second quarter of 2021 is higher than in 2020 which resulted to income from operation in 2021 compared to losses suffered in the first six months of 2020.

Material Change in Operating Results

a. Revenue increased by 132%

As the battle against the spread of COVID-19 continued, measures on monitoring and tracking system have been put in place-people starts to resume skeletal work on a limited workforce. Local government borders have started to allow movement to and from the city, thus allowing more patients to visit hospitals for medical services. This resulted to a gradual increase in the number of inpatients as well as outpatients. The increasing number in COVID-19 patients contributed in the increase in revenue for the first six months of 2021.

b. Cost of sales and services increased by 31%

This is primarily due to increase in related expenses such as supplies, salaries and wages and benefits, professional and service fees.

c. Operating Expenses increased by 141%

Primarily due to the increase in admin related salaries and wages and benefits, directors and officers allowance, taxes and licenses, depreciation, utilities, outside services, training and development, advertising/promotion/marketing, repairs and maintenance, insurance, office supplies, professional fees, insurance, representation, miscellaneous expenses and recognition of credit losses.

d. Finance cost decreased by 13%

Due to partial payment of loans in 2021 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.

e. Net income increased by 120%

Revenues generated for the first and second quarter of 2021 is higher than in 2020 which resulted to income from operation in 2021 compared to losses suffered in the first six months of 2020.

Financial Condition

As of June 30, 2021, Total assets increased from ₱988.4M to ₱1,017.6M. The increase was primarily due to the increase in trade and other receivables, inventories and other current assets. This was negated by the decrease in cash, property and equipment and intangible assets and deferred tax assets.

The decrease in Cash by ₱3.01M was primarily due to the funds used in operating activities. This was negated by the proceeds from issuance of shares and advances from shareholders. Proceeds from advances and issuance of shares amounted to ₱45.2M.

The increase in trade and other receivables by ₱30.6M was due to the increase in uncollected revenue from PhilHealth, receivables from patients and reimbursements from HMO and DSWD.

The decrease in loans receivables by ₱3.8M was due to the collection from affiliates in 2021.

The increase in inventories by ₱19.1M pertains mainly to increase in hospital supplies, housekeeping supplies, dietary supplies, office supplies and engineering supplies net of decreased in laboratory supplies.

The increase in other current assets by ₱2.1M was primarily due to the increased in the valued added tax on purchases of goods and services for the first and second quarter of 2021.

Property and equipment decreased by ₱17.4M. This was primarily due to the depreciation for the period amounting to ₱21.7M negated by the additional cost of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.

The minimal decrease in Intangible asset pertains mainly to the amortization of the information system for the first and second quarter of the 2021.

Deferred tax asset increased by ₱1.1M due to the recognition of DTA from MCIT and additional expected credit loss for the period.

Total liabilities decreased by ₱6.9M. The decrease was primarily due to the payment of loans net of the increase in trade and other payables and advances from shareholders.

The increase in trade and other payables by ₱14.5M was mainly due to the increase in unpaid purchases to suppliers of goods and services and accrued expenses for the period. This was negated by the partial payment of retention payable.

The increase of ₱16M in advances from shareholders was due to additional advances in 2021.

As of June 30, 2021, the Company paid ₱37.5M of its loans payable to Land Bank of the Philippines resulting to a decrease in loan of 6%.

The increase in equity was primarily due to the issuance of shares and net income realized for the first and second quarter of 2021.

Material Changes in Financial Condition

a. Cash decreased by ₱3,01M
Primarily due to the funds used in operating activities. This was negated by the proceeds from issuance of shares and advances from shareholders. Proceeds from advances and issuance of shares amounted to ₱45.2M.
b. Trade and other receivables increased by ₱30.6M
Due to the increase in uncollected revenue from PhilHealth, receivables from patients and reimbursements from HMO and DSWD.
c. Loans receivable decreased by ₱3.8M
Due to the collection from affiliates in 2021
d. Inventories increased by ₱19.1M
Pertains mainly to increase in hospital supplies, housekeeping supplies, dietary supplies, office supplies and engineering supplies net of decreased in laboratory supplies.
e. Other current assets increased by ₱2.1M
Primarily due to the increased in the valued added tax on purchases of goods and services for the first and second quarter of 2021.
f. Intangible assets decreased by ₱.05M
Pertains mainly to the amortization of the information system for the first and second quarter of the 2021.
g. Deferred tax assets increased by ₱1.1M
Due to the recognition of DTA from MCIT and the additional expected credit loss for the period .
h. Trade and other payables increased by ₱14.5M
Mainly due to the increase in unpaid purchases to suppliers of goods and services and accrued expenses for the period. This was negated by the partial payment of retention payable.
i. Advances from shareholders increased by ₱16M

Due to additional advances from the shareholders in 2021.
j. Loans payable decreased by ₱37.5M
Due to payment made to bank in 2021.
k. Equity increased by ₱35.5M
Due to the issuance of shares and net income realized for first and second quarter of 2021.

Key Performance Indicators

	Jun. 30, 2021	Jun 30, 2020	Dec. 31, 2020
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. $[(\text{cash} + \text{A/R}) / \text{current liabilities}]$	0.59:1	0.28:1	0.22:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. $(\text{current assets} / \text{current liabilities})$	0.73:1	0.70:1	0.45:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. $(\text{total liabilities} / \text{equity})$	2.29:1	2.63:1	2.62:1
3. Profitability			
a. Net profit margin - ability to generate surplus for stockholder $(\text{net income} / \text{sales})$	0.034:1	(0.44):1	(0.27):1
b. Return on equity - ability to generate returns on investment of stockholders. $(\text{net income} / \text{average equity})$	0.021:1	(0.12):1	(0.24):1
4. Leverage			
b. Debt to total asset ratio - the proportion of total assets financed by creditors. $(\text{total debt} / \text{total assets})$	0.70:1	0.78:1	0.72:1
c. Asset to equity ratio - indicator of the overall financial stability of the Company. $(\text{total assets} / \text{equity})$	3.29:1	3.63:1	3.62:1
2. Interest Rate Coverage Ratio			
a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments $(\text{earnings before interest and taxes} / \text{interest expense})$ -Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	1.31:1	(1.27):1	(0.81):1

There are no known trends, events or uncertainties that have material impact on liquidity except for COVID 19.

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

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

The Company continues to spend for capital expenditures in relation to the completion of the hospital building and acquisition of some equipment.

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

Financial Risks

- Interest Rate Risk – The Company's interest rate risk is limited to its cash in bank and bank loans.
- Foreign Currency Risk – The Company's has no exposure to the risk for changes in foreign exchange rates since the Company has no foreign currency denominated financial assets and liabilities.
- Credit Risk – The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is not significant since the collectability of contractual cash flows expected from these receivables is reasonably assured.
- Liquidity Risk – The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if any.

The Company has no investments in foreign securities.

DECEMBER 31, 2020, DECEMBER 31, 2019 AND DECEMBER 31, 2018

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

	<i>As of December 31</i>		
	2020	2019	2018
Income Statement Data			
Revenue	P 197,407,831	P 63,709,028	P -
Other Income	3,809,082	1,631,379	16,287
Cost of Sales and Services	(193,214,610)	(50,256,110)	-
Operating expenses	(41,047,223)	(38,150,990)	(11,006,781)
Finance cost	(42,140,285)	(20,795,107)	(697,858)
Operating Loss	(75,185,205)	(43,861,800)	(11,688,352)
Net Loss	(52,648,177)	(43,861,800)	(11,688,352)

Revenue

Revenue in 2020 is higher than in 2019 by 209.86%. This is due to the full operation of the hospital in 2020 unlike in 2019 which only started in July.

Cost of sales

Cost of sales and services in 2020 is higher by 284.46% than in 2019 since the hospital operated in full in 2020 unlike in 2019 which only started in July.

Expenses

Expenses in 2020 are higher compared to 2019 by 7.59%. This was primarily due to significant increase in depreciation, credit losses, security services and outside services which was partly negated by the decrease in salaries and wages.

Other income

Other income for the year 2020 increase by 133.49% as compared with the year 2019. This is due to the full operation of the hospital including cafeteria in 2020 unlike in 2019 which only started in July.

Finance costs

Finance cost increased by 102.65%. This was due to the full recognition of interest as expense in 2020 unlike in 2019 wherein 50% the interest was capitalized as part of the building. In addition, there were additional loans released in the last quarter of 2019 where payment of interest started in 2020 or in the latter part of 2019 and due to the changes in interest rate since the rates are subject to quarterly repricing.

Loss for the year

Loss for the year for the year 2020 is higher than losses suffered in 2019 by 20.03%. This was due to the impact of the Covid 19 which affects the generation of revenue of the hospital over the year. Though movement in some expenses coincides with the movement in revenue, there are certain fixed expenses which the hospital continues to incur and is not affected by any movement in revenue. These expenses cause mainly the increase in losses suffered by the hospital in 2020.

Total assets increased from ₱998.1M to ₱988.4M. The increase was primarily due to the increase in trade and other receivables and property and equipment which was negated by the decrease in loans receivable, advances to suppliers and other current assets.

Cash decreased by ₱15.4M primarily due to payment of trade and other payables, acquisition of property and equipment and payment of advances from shareholders and loans payable. This was partly negated by the proceeds on sales of share capital and advances from shareholders and collection of loans receivable.

Trade and other receivables increased by ₱15.9M primarily due to the increase in receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients as a result of full operation in 2020.

Loans receivable decreased by ₱12M due to the collection from related parties.

The increase in inventories by ₱0.7M pertains mainly to additional purchases of cleaning and sanitation supplies due to increase in the maintenance requirement of the hospital.

Advances to suppliers decreased by ₱32.5M. The decrease was due to the reclassification to property and equipment.

Other current assets decreased by ₱34M due to the liquidation of advances for each awarded project/activity. This was negated by the accumulated VAT on purchases of goods, services and capital assets.

Property and equipment increased by ₱61M representing additional construction costs of hospital building and purchases of hospital equipment and furniture and fixtures. This was partly negated by the depreciation for the period.

Intangible asset increased by ₱0.2M representing additional cost of the hospital information system. This was partly negated by the amortization for the period.

Deferred tax asset increased by ₱15.7M due to the recognition of DTA on NOLCO in 2020.

Total liabilities decreased by ₱106M. The decrease was primarily due to the payment of trade and other payables, loans payable and advances from shareholders.

Trade and other payables decreased by ₱15M due to the settlement of liabilities to suppliers of goods and services.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. This decreased by ₱6.95M in 2020. The payment of quarterly amortization of the principal already started in 2020.

Advances from shareholders decreased by ₱77M due to payment made to the shareholders in 2020.

The ₱107M increase in the total equity is primarily due to the collection of subscription receivable and issuance of additional shares at a premium. This was partly negated by the negative result of operation for the year.

Key Performance Indicators

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.218:1	0.173:1	0.489:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.45:1	0.552:1	1.244:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.617:1	4.952:1	4.916:1
3. Profitability			
b. Net profit margin - ability to generate surplus for stockholder	(0.267):1	(0.688):1	N/A

(net income / sales) - Remarks: The ratio is not applicable in 2018 since the Company is still at pre-operating stage.			
c. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.024):1	(0.02):1	(0.004):1
4. Leverage a. Debt to total asset ratio - the proportion of total assets financed by creditors. (total liabilities / total assets)	0.724:1	0.832:1	0.831:1
b. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	3.617:1	5.952:1	5.916:1
4. Interest Rate Coverage Ratio a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments.	(0.805):1	(1.109):1	(15.749):1

DECEMBER 31, 2020 COMPARED TO DECEMBER 31, 2019

Changes in Operating Results

Revenue in 2020 is higher than in 2019 by 209.86%. This is due to the full operation of the hospital in 2020 unlike in 2019 which only started in July.

Cost of sales and services in 2020 is higher by 284.46% than in 2019 since the hospital operated in full in 2020 unlike in 2019 which only started in July.

Expenses in 2020 are higher compared to 2019 by 7.59%. This was primarily due to significant increase in depreciation, credit losses, security services and outside services which was partly negated by the decrease in salaries and wages.

Other income for the year 2020 increase by 133.49% as compared with the year 2019. This is due to the full operation of the hospital including cafeteria in 2020 unlike in 2019 which only started in July.

Finance cost increased by 102.65%. This was due to the full recognition of interest as expense in 2020 unlike in 2019 wherein 50% the interest was capitalized as part of the building. In addition, there were additional loans released in the last quarter of 2019 where payment of interest started in 2020 or in the latter part of 2019 and due to the changes in interest rate since the rates are subject to quarterly repricing.

Loss for the year for the year 2020 is higher than losses suffered in 2019 by 20.03%. This was due to the impact of the Covid 19 which affects the generation of revenue of the hospital over the year. Though movement in some expenses coincides with the movement in revenue, there are certain fixed expenses which the hospital continues to incur and is not affected by any movement in revenue. These expenses cause mainly the increase in losses suffered by the hospital in 2020.

Financial Condition

Total assets increased from ₱998.1M to ₱988.4M. The increase was primarily due to the increase in trade and other receivables and property and equipment which was negated by the decrease in loans receivable, advances to suppliers and other current assets.

Cash decreased by ₱15.4M primarily due to payment of trade and other payables, acquisition of property and equipment and payment of advances from shareholders and loans payable. This was partly negated by the proceeds on sales of share capital and advances from shareholders and collection of loans receivable.

Trade and other receivables increased by ₱15.9M primarily due to the increase in receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients as a result of full operation in 2020.

Loans receivable decreased by ₱12M due to the collection from related parties.

The increase in inventories by ₱0.7M pertains mainly to additional purchases of cleaning and sanitation supplies due

to increase in the maintenance requirement of the hospital.

Advances to suppliers decreased by ₱32.5M. The decrease was due to the reclassification to property and equipment.

Other current assets decreased by ₱34M due to the liquidation of advances for each awarded project/activity. This was negated by the accumulated VAT on purchases of goods, services and capital assets.

Property and equipment increased by ₱61M representing additional construction costs of hospital building and purchases of hospital equipment and furniture and fixtures. This was partly negated by the depreciation for the period.

Intangible asset increased by ₱0.2M representing additional cost of the hospital information system. This was partly negated by the amortization for the period.

Deferred tax asset increased by ₱15.7M due to the recognition of DTA on NOLCO in 2020.

Total liabilities decreased by ₱106M. The decrease was primarily due to the payment of trade and other payables, loans payable and advances from shareholders.

Trade and other payables decreased by ₱15M due to the settlement of liabilities to suppliers of goods and services.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. This decreased by ₱6.95M in 2020. The payment of quarterly amortization of the principal already started in 2020.

Advances from shareholders decreased by ₱77M due to payment made to the shareholders in 2020.

The ₱107M increase in the total equity is primarily due to the collection of subscription receivable and issuance of additional shares at a premium. This was partly negated by the negative result of operation for the year.

DECEMBER 31, 2018 COMPARED TO DECEMBER 31, 2017

Changes in Operating Results

There was a 100% increase in Revenue which was because the Company started its operations in 2019 and started earning revenues from hospital fees and sales of drugs and medicines.

There was a 100% increase in the cost of sales and services because the Company is on its first year of operations in 2019.

Expenses during December 31, 2019 are higher compared to December 31, 2018 by 247%. This was primarily due to significant increase in all expenses in 2019 in relation to the commencement of operation.

There was a 9916% increase in Other Income which was because the Company started its operations in 2019 and started earning income from cafeteria and other miscellaneous income.

Finance cost is higher in December 31, 2019 by 2880% primarily because of the additional loans availed in 2019 for the purchase of equipment and working capital requirement. Interest on these loans are not capitalized and were charge to expense.

Loss for the year ended December 31, 2019 is higher than December 31, 2018 by 275%. This was due to more operating expenses incurred in 2019 even though the Company is fully operational, the income derived from the operations is pretty much lower than the increase in total expenses.

Financial Condition

Total assets increased from ₱700M to ₱988M. The increase was primarily due to the increase in accounts receivable, inventories, and property and equipment.

Cash decreased by ₱545K. Though they are cash from issuance of shares, loans and collections from revenue, these are negated by the increase in expenditures as the company commenced its commercial operations.

Advances to suppliers decreased by ₱57.8M. The decrease was due to the medical and hospital equipment are already delivered and reclassified to property and equipment.

Trade and other receivables increased by ₱6.2M primarily related to the commencement of commercial operations of the Company which resulted to recognition of receivables from reimbursements for hospital fees and services availed by patients who are member of PhilHealth and receivables from patients and reimbursements from DSWD availed by patients.

Loans receivable decreased by ₱44M due to the collection from affiliates in 2019.

Inventories increased by ₱17.6M primarily related to the commencement of commercial operations of the Company in 2019. Inventories consists of hospital and laboratory supplies, housekeeping supplies, office supplies, dietary supplies, and drugs and medicines inventory for sale.

Other current assets increased by ₱11.5M primarily due to recognition of input VAT on purchases of goods and services pursuant to the change in the tax type registration of the Company from Percentage Tax to Value Added Tax and the increase in advances to contractors.

Property and equipment increased by ₱355M primarily due to the reclassification of building from Construction-in-Progress, additional medical equipment, laboratory equipment, office equipment and other hospital equipment negated by significant increase in depreciation.

Construction in progress decreased by ₱406.7M. This was because the construction of the hospital building was completed and the amount was reclassified to building account in 2019.

Decrease in intangible asset was due to amortization in 2019.

There was no movement in other non-current assets from 2018 to 2019.

Total liabilities increased by ₱240M. The increase was primarily due to the additional loan availed by the company during the year 2019 and increase in accounts payable and other liabilities in relation to the commencement of commercial operations in 2019.

Trade payable and other liabilities increased by ₱67.3M. This increase was mainly due to the increase in the unpaid purchases of goods and services as of December 31, 2019 in connection with the Company's commencement of commercial operations.

Reservation deposit decreased by ₱10.4M due to reclassification to equity account upon approval of the commission of the permit to sell securities of the Company.

Notes payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment and transportation equipment and permanent working capital requirement of the hospital operation. This increased by ₱198M in 2019.

The decrease in advances from shareholders amounting to ₱22M was due to payment of advances from shareholders.

The ₱48M increase in the total equity is primarily due to the issuance of shares and the revaluation increment in Land. This was partly negated by the negative result of operation for the year.

DECEMBER 31, 2018 COMPARED TO DECEMBER 31, 2017

Changes in Operating Results

Interest Income during December 31, 2018 is lower than December 31, 2017 by 51%. This was due to the decrease in average daily balance in cash in banks brought by the additional cost incurred for the construction of the hospital building.

Expenses during December 31, 2018 are higher compared to December 31, 2017 expenses by 194%. This was due to increase in pre-operating activities in relation to the on-going construction of the hospital building and expenses incurred in the preparation for the commencement of its commercial operation in 2019.

Finance cost increased by 879% primarily because of the additional loans availed in 2018 for the purchase of medical equipment and transportation equipment. Interest on these loans are not capitalized and were charged to expense.

Loss for the year ended December 31, 2018 is higher than December 31, 2017 by 196%. This was due to more pre-operating activities in 2018 as compared to 2017, which are mostly related to the on-going construction of the hospital building.

Financial Condition

Total assets increased from ₱416M to ₱700M. The increase was primarily due to the increase in cash, accounts receivable, advances to suppliers and construction in progress.

Cash increased by ₱8.7M due to increase in loans and advances from shareholders and issuance of shares negated by increase in capital expenditure and operating expenses during 2018.

Advances to suppliers increased by ₱48M. The increase was due to the accumulated payment for construction materials and medical and hospital equipment which are to be delivered depending on the agreement of the Company and the supplier. Construction materials are to be delivered during construction while medical and hospital equipment are to be delivered upon full payment.

Other receivables increased by ₱16.6M primarily due to the advances to contractors related to project activity and is liquidated via deductions on a pro-rata basis from progress billings.

There was no movement in loans receivable from 2017 to 2018.

Other current assets decreased by ₱60K due to reclassification of prepayments to construction in progress.

Property and equipment increased by ₱5.6M primarily due to additions to land and transportation equipment.

Construction in progress increased by ₱205M. This was due to the additional cost incurred on the on-going construction of the hospital building.

The intangible asset account increased by 100% due to purchased Hospital Information System software.

There was no movement in other non-current assets from 2017 to 2018.

Total liabilities increased by ₱278M. The increase was primarily due to the additional loans availed by the company during the 2018, additional advances from shareholders and increase in retention and other payables related in the on-going construction of the hospital building.

Trade payable and other liabilities increased by ₱16.7M. This increase was primarily due to unpaid balances to suppliers and the retention payable as of December 31, 2018 in connection with the Company's on-going construction of hospital building.

Notes payable represents interest-bearing loan from Banks and financial institution in support of the construction of the Company's hospital building and purchase of medical equipment and transportation equipment. This increased by ₱240.5M in 2018.

Deposit for future stock subscription decreased by 100% due to reclassification to equity account upon the approval of the commission of the increase in authorized capital stock of the Company.

The increase in advances from shareholders amounting to ₱38.9M was due to the additional cash advances from shareholders.

The ₱6.3M increase in the total equity is primarily due to the additional issuance of shares negated by the negative result of pre-operation for the year.

Material Changes in Financial Condition

<i>From January 1, 2020 to December 31, 2020</i>	<i>From January 1, 2019 to December 31, 2019</i>	<i>From January 1, 2018 to December 31, 2018</i>
	a. Cash increased by ₱8.7M primarily due to increase in loans, advances from shareholders and issuance of shares during 2018.	a. Cash decreased by ₱10.9M due to higher disbursements for the construction of the hospital building
a. Advances to suppliers decreased by ₱57.8M due to the construction materials and medical equipment are already delivered and reclassified to proper account.	b. Advances to suppliers increased by ₱48M due to the accumulated payment for construction materials and medical equipment which are to be delivered depending on the agreement of the Company and the supplier	b. Advances to suppliers increased by ₱42M due to the increase in advance payment for medical equipment and construction materials which are to be delivered depending on the agreement of the Company and the supplier.
b. Loans receivable decreased by ₱45M due to the collection from affiliates in 2019.		
c. Accounts and other receivables increased by ₱19M due to the commencement of commercial operations of the Company which resulted to recognition of receivables from reimbursements for hospital fees and services availed by patients who are member of PhilHealth and receivables from patients and reimbursements from DSWD availed by patients.	c. Other receivables increased by ₱16.6M due to the increase in advances to contractors related to project activity and is liquidated via deductions on a pro-rata basis from progress billings.	c. Other receivables decreased by ₱12.3M due to additional advances to contractors.
d. Inventories increased by ₱17.6M due to the commencement of commercial operations of the Company in 2019. Inventories consists of hospital and laboratory supplies, housekeeping supplies, office supplies, dietary supplies, and drugs and medicines inventory for sale.		
e. Prepayments and other current assets increased by ₱7.7M due to recognition of input VAT on purchases of goods and services pursuant to the change	d. Other current assets decreased by ₱60K due to reclassification of prepayments to construction in progress.	

in the tax type registration of the Company from Percentage Tax to Value Added Tax.		
f. Property and equipment increased by ₱762M due to the reclassification of building from CIP, additional equipment and recognition of land appraisal	e. Property and equipment increased by ₱5.6M due to additions to land and transportation equipment	
g. Intangible asset decreased by ₱25k due to amortization	f. Intangible asset increased by ₱250k the Company purchased software in preparation for the commencement of commercial operation in 2019	
h. Construction in progress decreased by ₱406.7M because the construction of the hospital building was completed and the amount was reclassified to building account in 2019	g. Construction in progress increased by ₱205M due to the additional cost incurred on the on-going construction of the hospital building	d. Construction in progress increased by ₱127.8M due to the additional cost incurred on the on-going construction of the hospital building
i. Accounts payable and other liabilities increased by ₱70.6M due to the increase in the unpaid purchases of goods and services as of December 31, 2019 in connection with the Company's commencement of operation.	h. Accounts payable and other liabilities increased by ₱16.7M due to unpaid balances to suppliers and the retention payable as of December 31, 2018 in connection with the Company's on-going construction of hospital building	
j. Notes payable increased by ₱198M represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, purchase of medical and transportation equipment and for working capital requirement	i. Notes payable increased by ₱240.5M represents interest-bearing loan from Banks and financial institution in support of the construction of the Company's hospital building and purchase of medical equipment and transportation equipment	e. Notes payable increased by ₱121M represents interest-bearing loan from Bank in support of the construction of the Company's hospital building and purchase of transportation equipment
k. Reservation deposit decreased by ₱10.4M due to reclassification to equity account upon approval of the commission of the permit to sell securities of the Company		f. Reservation deposit increased by ₱10.4M Deposits from third parties were recorded as reservation deposit prior to formal issuance of permit to sell securities from SEC.
	j. Deposit for future stock subscription decreased by ₱18M Deposit for future stock subscription were reclassified to equity account upon the approval of the commission of the increase in authorized capital stock of the Company.	g. Deposit for future stock subscription (DFFS) increased by ₱18M DFFS pertains to funds from shareholders for the subscription on the increase in capital pending approval from SEC.
l. Advances from shareholders decreased by ₱22M due to payment of advances from shareholders.	k. Advances from shareholders increased by ₱38.9M due to the additional cash advances from shareholders.	h. Advances from shareholders decreased by ₱22M due to conversion to equity.
m. Equity increased by ₱59M due to issuance of shares and the revaluation increment in Land. This	l. Equity increased by ₱6.3M due to the additional issuance of shares. This was partly negated by	i. Equity decreased by ₱45.6M due to the additional issuance of shares. This was partly

was partly negated by the negative result of operation for the year	the negative result of pre-operation for the year.	negated by the negative result of operation for the year. .
---	--	---

Material Changes in Operating Results

2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
a. Income increased by 394578% The Company started its operations in 2019 and started earning revenues from hospital fees and sales of drugs and medicines and income from cafeteria and other miscellaneous income.	a. Interest income decreased by 51% due to the decrease in average daily balance in cash in banks brought by the additional cost incurred for the construction of the hospital building.	a. Interest income increased by 33% due to the increase in average daily balance in cash in banks brought by the additional loans during the year..
b. Cost of sales and services increased by 100% because the Company is on its first year of commercial operations		
c. Expenses increased by 340% primarily due to significant increase in all expenses in 2019 in relation to the commencement of operation..	b. Expenses increased by 194% due to increase in pre-operating activities in relation to the on-going construction of the hospital building and expenses incurred in the preparation for the commencement of its commercial operation in 2019.	b. Expenses increased by 111% primarily due to the increase in expenses related to board meetings paid in 2017.
d. Finance cost increased by 2095% Primarily because of the additional loans availed in 2019 for the purchase of equipment and working capital requirement. Interest on these loans are not capitalized and were charge to expense	c. Finance cost increased by 879% Primarily because of the additional loans availed in 2019 for the purchase of equipment and transportation equipment. Interest on these loans are not capitalized and were charge to expense	b. Expenses increased by 111% primarily due to the increase in expenses related to board meetings, salaried and allowances, miscellaneous expenses, professional fees, bank charges, depreciation, and rental
e. Loss for the year increased by 235% due to more operating expenses incurred in 2019 even though the Company is fully operational, the income derived from the operations is pretty much lower than the increase in total expenses.	d. Loss for the year increased by 196% was due to more pre-operating activities in 2018 as compared to 2017, which are mostly related to the on-going construction of the hospital building.	c. Loss for the year decreased by 112% due to higher expenses incurred and lower interest income in 2017 as compared to 2016.

There are no known trends, events or uncertainties that have material impact on liquidity except for COVID-19. 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 brought about by the restrictions due to Covid-19, the Company may still recover its shortfalls. Nevertheless, management still continues to pursue intensive collection efforts to reduce accounts receivables and improve cash management.

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

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

The Company continues to spend for capital expenditures in relation to the construction of the hospital building and acquisition of medical, hospital and transportation equipment and hospital furniture and fixtures.

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

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

Financial Risks

- a. Interest Rate Risk – The Company's interest rate risk is limited to its cash in banks and loans payable.
- b. Credit Risk – The Company's credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since it is only on its 2nd year of operation.
- c. Liquidity Risk – As part of the Company's overall liquidity management, the Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The Company has no investments in foreign securities.

D. Certain Relationships and Related Transactions

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

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

2020

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Payment	₱(77,374,736)	₱ 5,861,043	(6)	(7)
Loans receivable-ACE Medical Center-Pateros, Inc.	Collection (Principal and Interest)	₱(8,003,641)	₱1,570,984	(3)	(7)
Loans receivable-ACE Medical Center-Quezon City	Collection (Principal and Interest)	₱(4,034,570)	₱2,368,500	(3)	(7)

2019

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Payment	₱(22,280,480)	₱ 83,235,779	(6)	(7)
Loans receivable-ACE Medical Center-Pateros, Inc.	Collection (Principal and Interest)	₱(30,425,375)	₱9,574,625	(3)	(7)
Loans receivable-ACE Medical Center-Quezon City	Collection (Principal and Interest)	₱(13,596,930)	₱ 6,403,070	(3)	(7)

2018

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major	Advances	₱ 38,965,778	105,516,259	(6)	(7)

Shareholders

Loans receivable-ACE Medical Center-Pateros, Inc.	Loans	-	40,000,000	(3)	(7)
Loans receivable-ACE Medical Center-Quezon City, Inc.	Loans	-	20,000,000	(3)	(7)

Terms and Conditions:

- (8) Interest bearing, collectible in cash in 3-months
- (9) Collectible in cash and on demand
- (10) Interest bearing, collectible in cash
- (11) Payable in cash and on demand
- (12) Secured by acceptable real or personal property
- (13) Non-interest bearing, no scheduled repayment terms
- (14) Unsecured

Loans Receivable

The Company extended loans to ACE Medical Center – Pateros, Inc. and ACE Medical Center – Quezon, Inc. amounting to ₱40,000,000 and ₱20,000,000, respectively with a 5.25% interest rate per annum. These loans are payable until 2021.

Interest earned from this loan receivable amounted to ₱682,144, ₱1,179,326 and ₱3,150,000 for the year ended December 31, 2020, 2019 and 2018, respectively, and were offset against the capitalized borrowings costs.

Cash Advances

The Company obtains cash advances from shareholders to finance the on-going construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Required permits were secured by the Company from the Department of Health (DOH) for the hospital operations. ACE Medical Center - Tacloban, Inc. has secured the necessary permits needed by the Hospital. This includes Building Permit, Mechanical, Electrical, Plumbing, Fire and Electronics permit, as well as Business permit and BIR registration. The Occupancy Permit was issued by the Office of the Building Official last March 20, 2019. The Fire Permit and the Sanitary Permit were granted last January 4, 2019 and July 16, 2019, respectively.

In the course of its operation, ACE Medical Center- Tacloban, Inc. secured permits and licenses from national and local government entities such as Environmental Compliance Certificate and Hazardous Waste Permit from DENR and Business Permit from BPLO of Tacloban City.

The DOH conducted ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of ACE Medical Center – Tacloban last June 13, 2019. This is to ensure that the hospital is compliant with the standards of the Department prior to issuance of the LTO. The License to Operate (LTO) was received last July 23, 2019 with License Number 08-0018-19-H2-2.

E Management and Certain Security Holders

Directors, Executive Officers

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

Except for Drs. Amado Manuel Enriquez, Jr., Marilyn Enriquez, Michael Edward Enriquez and Miguel Antonio R. Enriquez, who are father, wife and sons, respectively, Dr. Fernando P. Carlos, first cousin of Dr. Amado Manuel Enriquez and the uncle of Dr. Miguel Enriquez and Dr. Michael Edward Enriquez; Drs. Earl Courtney Viernes and La Rhaine Viernes, who are husband and wife, Eng. Generoso Orillaza and Dr. Marissa Orillaza who are husband and wife, Dr. Geanie Cerna-Lopez and Mark Joseph Lopez who are mother and son, and

Dr. Evangeline Zozobrado and Augustin Zozobrado who are husband and wife and Dr. Florentina Ty and Virginia Ty who are mother and daughter, there are no other family relationships up to the fourth civil degree.

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

F. 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 Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

ANNEX“C”

**TOP 20 STOCKHOLDERS
As of August 31, 2021**

NAME		NATIONALITY	TYPE	NUMBER OF SHARES	% OF OWNERSHIP
1.	AMADO MANUEL C. ENRIQUEZ, JR	Filipino	Common	27930	11.66%
			Founder	70	
			TOTAL	28,000	
2.	FERNANDO P. CARLOS	Filipino	Common	15960	6.66%%
			Founder	40	
			TOTAL	16,000	
3.	MARIETTA T. SAMOY	Filipino	Common	7980	3.33%
			Founder	20	
			TOTAL	8,000	
4.	GEANIE A. LOPEZ-CERNA	Filipino	Common	3990	1.67%
			Founder	10	
			TOTAL	4,000	
5.	FRANCISCO P. CABOBOY	Filipino	Common	3990	1.67%
			Founder	10	
			TOTAL	4,000	
6.	MA. LOURDES L. CAMENFORTE	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
7.	CARLOS DELA ROSA	Filipino	Common	3990	1.67%
			Founder	10	
			TOTAL	4,000	
8.	ROBERTO M. DE LEON	Filipino	Common	3990	1.67%
			Founder	10	
			TOTAL	4,000	
9.	MARIA PILIPINAS D. JAYA	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
10.	FELIX P. NOLASCO	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
11.	NIMFA L. NUEVAS	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
12.	MARISSA A. ORILLAZA	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
13.	EULOGIO T. PENALOSA	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
14.	RONALD L. RAMIRO	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	

15.	LA RHAINÉ G. VIERNES	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
16.	EARL COURTNEY A. VIERNES	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
17.	MA. ROSARIO ABRIOL SANTOS	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
18.	MA. ROSITA O. ADOLFO	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
19.	ROSARIO E. LATORRE	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	
20.	FE G. MERIN	Filipino	Common	3,990	1.67%
			Founder	10	
			TOTAL	4,000	

ANNEX "D"

Annual Stockholders' Meeting of Allied Care Experts (ACE) Medical Center-Tacloban, Inc.
December 29, 2020

Attendance:

Arroyo Nestor Jogie	Abriol Santos, Ma. Rosario
Carlos, Fernando P.	Adolfo, Ma. Rosita
Cerna- Lopez, Geanie	Agote, Ronnavik John
Lopez, Mark Joseph	Caboboy, Francisco P.
Cruz, Maita	Camenforte, Ma. Lourdes
De Castro Felicisimo	Dacuycuy, Annasandra
De Leon, Rhodora	Jadloc, Jonathan Moses
De Leon, Roberto	Jaya, Maria Pilipinas
Dela Rosa, Carlos	Latorre, Rosario
Enriquez, Amado Manuel C., Jr	Maderazo, Esther
Enriquez, Marilyn	Matoza- Serna, Joyce Rosario
Enriquez, Michael Edward	Merin, Fe
Enriquez, Miguel Antonio	Nuevas, Nimfa L.
Imperial, Oscar	Opinion, Maria Lourdes
Nolasco Leolenia	Peñalosa, Eulogio
Nolasco Felix	Redoña, Jonally P.
Orillaza, Generoso	Rosales, Emmanuel
Orillaza, Marissa	Santo, Audrey katherina
Ramiro, Ronald	Sim, Sinia
Samoy, Marietta	Tagra, Mina Sirikit C.
Ty, Florentina	Tobio, Everly Joy
Zozobrado, Agustin	Uy, Mary Grace
Zozobrado, Evangeline	Viernes, Earl Courtney
Abriol Santos, Ma. Rosario	
Viernes, La Rhaine G.	
Agosto, Lourdes	

CERTIFICATION OF INDEPENDENT DIRECTOR

1. FLORENTINA UN TAY, Filipino, of legal age and a resident of 510 ALVARADO ST., BUNAWU, NAGNAG, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ACB TACLOBAN and have been its independent director since 2022.
2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
PHIL. PEDIATRIC SOCIETY	VICE-PRESIDENT	2020-2022
LAC TRINITE CHURCH	BOARD OF DIRECTORS	2021-2022

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ACB TACLOBAN, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

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

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

OCT 20 2021

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

Done this OCT 20 2021 day of Paranaque City


Affiant

OCT 20 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____ at
Paranaque City affiant personally appeared before me and exhibited to me his/her
_____ issued on _____ at _____

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Series of 2021

ATTY. MARCUS AURELIUS M. BARARES
Notary Public
Comm. No. 259-2020
Until Dec. 31, 2021
706-B, Charming St. Jacksonville Subd., SF, Pague
Roll No. 58093 / 4/31/10
ESP No. 134103 / 12/09/20 / Pague City
PTR No. 25/0606 / 01/04/21 / Pague City
MCLE Comp. No. VI-0019512 / 02/28/19 Pague City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Emmanuel A. Rosales, Filipino, of legal age and a resident of CARABAO CITY, having been duly sworn in accordance with law do hereby declare that:

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

Company/Organization	Position/Relationship	Period of Service

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of _____, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances
4. I am related to the following director/officer/substantial shareholder of _____ other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

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

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

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

Done this ____ day of _____, at _____.



Affiant

SUBSCRIBED AND SWORN to before me this ____ day of _____, at _____
_____ affiant personally appeared before me and exhibited to me his/her
_____ issued on _____, at _____

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CERTIFICATION OF INDEPENDENT DIRECTOR

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

1. I am a nominee for independent director of ACEMC-TACLOBAN and have been its independent director since NA.
2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
Allied Care Experts (ACE) Medical Center Baypointe	Core Group / Consultant Pathologist	October 2010 to present
Allied Care Experts (ACE) Medical Center Valenzuela	Founding Member/ Consultant Pathologist	December 2014 to present
Allied Care Experts (ACE) Medical Center Baliwag	Core Group/Consultant Pathologist	January 2015 to present
Allied Care Experts (ACE) Medical Center Pateros	Founding Member/Consultant Pathologist	June 2016 to present
Allied Care Experts (ACE) Medical Center Quezon City	Founding Member/Consultant Pathologist	May 2017 to present
Allied Care Experts (ACE) Medical Center Bohol	Founding Member	March 2019 to present
Allied Care Experts (ACE) Medical Center Dumaguete	Founding Member	March 2019 to present
Allied Care Experts (ACE) Medical Center Tacloban	Founding Member	July 2019 to present
UHBI Paranaque Doctors Hospital	Consultant Pathologist	May 2007 to present
Unihealth Paranaque Hospital and Medical Center	Consultant Pathologist	June 2014 to present
Tagaytay Medical Center	Consultant Pathologist	March 2009 to present
Sta. Rosa Hospital and Medical Center	Consultant Pathologist	April 2008 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ACEMC-TACLOBAN, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances
4. I am related to the following director/officer/substantial shareholder of _____ other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
--	---------	------------------------

GENEROSO ORILLAZA	ACEMC/Hospitals	Spouse

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

Done this ___ day of _____, at _____.



MARISSA A. ORILLAZA

Affiant


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

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Certification

I, DR. FERNANDO P. CARLOS is a duly authorized representative of ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. with SEC registration number CS201423451 with principal office at BARANGAY 78, MARASBARAS, TACLOBAN CITY, LEYTE, do hereby certify and state that:

- 1) The ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission.
- 2) The information contained in SEC FORM-17Q is true and correct to the best of my knowledge.
- 3) On behalf of ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC., I hereby undertake to submit hard or physical copies of the exact same submitted SEC FORM-17Q to the SEC once the community quarantine is lifted or upon request of our monitoring department.
- 4) I am executing this certification on (date) to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.


DR. FERNANDO P. CARLOS
President

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 ...**June 30, 2021**
2. Commission Identification Number. **CS201423451** 3. BIR Tax Identification No. **008-917-666**

Allied Care Experts (ACE) Medical Center – Tacloban, Inc.

4. Exact name of issuer as specified in its charter

Leyte, Philippines

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code
Barangay 78, Marasbaras, Tacloban City, Leyte **6500**

8. Issuer's telephone number, including area code
(053) 888-4322 / 0956-461-4352

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARE, P1,000 PAR VALUE	203,900 shs / P 708,258,324
FOUNDER SHARE, P1,000 PAR VALUE	600 shs

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

Yes [] No ☒

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

12. Indicate by check mark whether the registrant:

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

Yes ☒ No []

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

Yes ☒ No []

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited financial statements of Allied Care Experts (ACE) Medical Center – Tacloban, Inc. (the Company) as at and for the six months ended June 30, 2021 (with comparative figures as at December 31, 2020 (Audited) and for the six months ended June 30, 2020 (Unaudited) are filed as part of this form 17-Q as Annex A.

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

FINANCIAL CONDITION

As of June 30, 2021, Total assets increased from ₱988.4M to ₱1,017.1M. The increase was primarily due to the increase in trade and other receivables, inventories, other current assets and deferred tax assets. This was negated by the decrease in cash, loans receivable, property and equipment, and intangible assets.

The decrease in Cash by ₱3.01M was primarily due to the funds used in operating activities. This was negated by the proceeds from issuance of shares of stocks and advances from shareholders. Proceeds from advances and issuance of shares amounted to ₱45.2M.

The increase in trade and other receivables by ₱30.6M was due to the increased in uncollected revenue from PhilHealth, receivables from patients and reimbursements from HMO and DSWD.

The decrease in loans receivables by ₱3.8M was due to the collection of advances to affiliates in 2021.

The increase in inventories by ₱19.1M pertains mainly to increased in hospital supplies, housekeeping supplies, dietary supplies, office supplies and engineering supplies net of decreased in laboratory supplies.

The increase in other current assets by ₱2.1M was primarily due to the increased in the value added tax on purchases of goods and services for the first and second quarter of 2021.

Property and equipment decreased by ₱17.4M. This was primarily due to the depreciation for the period amounting to ₱21.7M net of the additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.

The minimal decrease in Intangible asset pertains mainly to the amortization of the information system for the first and second quarter of the 2021.

Deferred tax asset increased by ₱1.1M due to the recognition of DTA from MCIT and additional expected credit loss for the period.

Total liabilities decreased by ₱6.9M. The decrease was primarily due to the payment of loans net of the increased in trade and other payables and advances from shareholders.

The increase in trade and other payables by ₱14.5M was mainly due to the increased in unpaid purchases to suppliers of goods and services and accrued expenses for the period. This was negated by the partial payment of retention payable.

The increase of ₱16M in advances from shareholders was due to additional advances in 2021.

As of June 30, 2021, the Company paid ₱37.5M of its loans payable to Land Bank of the Philippines resulting to a decrease in loan of 6%.

The increase in equity was primarily due to the issuance of shares of stocks and net income realized for the first and second quarter of 2021.

Material Changes in Financial Condition

a. Cash decreased by ₱3.01M
Primarily due to the funds used in operating activities. This was negated by the proceeds from issuance of shares of stocks and advances from shareholders. Proceeds from advances and issuance of shares amounted to ₱45.2M.
b. Trade and other receivables increased by ₱30.6M
Due to the increase in uncollected revenue from PhilHealth, receivables from patients and reimbursements from HMO and DSWD.
c. Loans receivable decreased by ₱3.8M
Due to the collection of advances to affiliates in 2021
d. Inventories increased by ₱19.1M
Pertains mainly to increased in hospital supplies, housekeeping supplies, dietary supplies, office supplies and engineering supplies net of decreased in laboratory supplies.
e. Other current assets increased by ₱2.1M
Primarily due to the increased in the valued added tax on purchases of goods and services for the first and second quarter of 2021.
f. Intangible assets decreased by ₱.05M
Pertains mainly to the amortization of the information system for the first and second quarter of the 2021.
g. Deferred tax assets increased by ₱1.1M
Due to the recognition of DTA from MCIT and additional credit loss for the period.
h. Trade and other payables increased by ₱14.5M
Mainly due to the increased in unpaid purchases to suppliers of goods and services and accrued expenses for the period. This was negated by the partial payment of retention payable.
i. Advances from shareholders increased by ₱16M
Due to additional advances from the shareholders in 2021.
j. Loans payable decreased by ₱37.5M
Due to payment made to bank loan in 2021.
k. Equity increased by ₱35.5M
Due to the issuance of shares of stocks and net income realized for the first and second quarter of 2021.

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the six months ended June 30, 2021, 2020 and 2019:

	<i>Six Months Ended June 30</i>		
	<i>2021</i>	<i>2020</i>	<i>2019</i>
Income Statement Data			
Revenue	₱ 182,227,253	₱ 78,519,534	₱ -
Other Income	2,150,415	2,574,449	7,622
Cost of Sales and Services	(118,841,953)	(88,298,677)	-
Operating Expenses	(40,920,987)	(20,160,140)	(23,159,785)
Finance Cost	(18,843,175)	(21,571,122)	(15,750,280)
Operating Income (Loss)	5,771,553	(48,935,956)	(38,902,443)
Net Income (Loss)	₱ 6,244,226	₱(34,257,055)	₱ (38,902,443)

Revenues for the six months ended June 30, 2021 is higher by 132% than the revenue of ₱78.5M as of June 30, 2020. This can be attributed to COVID-19 which started to spread in early March 2020 which prompted the government to implement enhanced community quarantine and social distancing measures and restrictions. This resulted to a decrease in admission for the first and second quarter of 2020. As the battle against the spread of COVID-19 continued, measures on monitoring and tracking system have been put in place-which allowed people to resume work on a limited workforce. Local government borders have started to allow movement to and from the city, thus allowing more patients to visit the hospital for medical services. This resulted to a gradual increase in the number of inpatients as well as outpatients. The increasing number in COVID 19 patients contributed in the increase in revenue for the first six months of 2021.

Cost of sales and services for the period ending June 30, 2021 are higher than June 30, 2020 by 31%. This is primarily due to increase in related expenses such as supplies, salaries and wages and benefits, professional and service fees.

The 141% increase in operating expenses for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is primarily due to the increased in admin related salaries and wages and benefits, directors and officers allowance, taxes and licenses, depreciation, utilities, outside services, training and development, advertising/promotion/marketing, repairs and maintenance, insurance, office supplies, professional fees, insurance, representation, miscellaneous expenses and recognition of credit losses.

Finance cost decreased by 13% due to partial payment of loans in 2021 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.

Revenues generated for the first and second quarter of 2021 is higher than in 2020 which resulted to income from operation in 2021 compared to losses suffered in the first six months of 2020.

Material Change in Operating Results

<p>a. Revenue increased by 132%</p> <p>As the battle against the spread of COVID-19 continued, measures on monitoring and tracking system have been put in place-which allowed people to resume work on a limited workforce. Local government borders have started to allow movement to and from the city, thus allowing more patients to visit the hospital for medical services. This resulted to a gradual increase in the number of inpatients and outpatients. The increasing number in COVID 19 patients contributed in the increase in revenue for the first six months of 2021.</p>
<p>b. Cost of sales and services increased by 31%</p> <p>This is primarily due to increase in related expenses such as supplies, salaries and wages and benefits, professional and service fees.</p>
<p>c. Operating Expenses increased by 141%</p> <p>Primarily due to the increased in admin related salaries and wages and benefits, directors and officers allowance, taxes and licenses, depreciation, utilities, outside services, training and development, advertising/promotion/marketing, repairs and maintenance, insurance, office supplies, professional fees, insurance, representation, miscellaneous expenses and recognition of credit losses.</p>
<p>d. Finance cost decreased by 13%</p> <p>Due to partial payment of loans in 2021 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.</p>
<p>e. Net income increased by 118%</p> <p>Revenues generated for the first and second quarter of 2021 is higher than in 2020 which resulted to income from operation in 2021 compared to losses suffered in the first six months of 2020.</p>

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Jun. 30, 2021	Jun 30, 2020	Dec. 31, 2020
1. Liquidity a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. $\frac{[(\text{cash} + \text{A/R}) / \text{current liabilities}]}{}$ b. Current ratio - capacity to meet current obligations out of its liquid assets. $\frac{(\text{current assets} / \text{current liabilities})}{}$	0.59:1	0.28:1	0.22:1
2. Solvency a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. $\frac{(\text{total liabilities} / \text{equity})}{}$	2.29:1	2.63:1	2.62:1
3. Profitability a. Net profit margin - ability to generate surplus for stockholder $\frac{(\text{net income} / \text{sales})}{}$ b. Return on equity - ability to generate returns on investment of stockholders. $\frac{(\text{net income} / \text{average equity})}{}$	0.034:1	(0.44):1	(0.27):1
4. Leverage b. Debt to total asset ratio - the proportion of total assets financed by creditors. $\frac{(\text{total debt} / \text{total assets})}{}$ c. Asset to equity ratio - indicator of the overall financial stability of the Company. $\frac{(\text{total assets} / \text{equity})}{}$	0.70:1	0.78:1	0.72:1
2. Interest Rate Coverage Ratio a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments $\frac{(\text{earnings before interest and taxes} / \text{interest expense})}{}$ • Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	1.31:1	(1.27):1	(0.81):1

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

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

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

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

The Company continues to spend for regular capital expenditures during the quarter as disclosed in Note 10 of the unaudited interim financial statements.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations except for the possible impact of Covid 19 Pandemic.

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no seasonal aspects that had any material effect on the financial condition or results of operations of the Company.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial adjustments of the interim period.

The Company is not a party to any lawsuit or claims arising from the ordinary course of business

PART II--OTHER INFORMATION

There are no additional material information to be disclosed which were not previously reported under SEC Form 17-C

SIGNATURES

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

Allied Care Experts (ACE) Medical Center-Tacloban, Inc.

By:


FERNANDO P. CARLOS
President

Date: September 9, 2021


NIMFA L. NUEVAS
Treasurer

Date: September 9, 2021

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

UNAUDITED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2021
*(With Comparative Figures for December 31, 2010 and Six
Months Ended June 30, 2020)*

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021 and December 31, 2020

	<i>Notes</i>	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<u>ASSETS</u>			
Current Assets			
Cash	4,5,6	₱ 3,331,408	₱ 6,345,436
Trade and other receivables	4,5,7	56,209,527	25,624,387
Loans receivable	4,20	96,272	3,939,484
Inventories	4,8	37,602,698	18,486,251
Other current assets	4,9	<u>21,656,170</u>	<u>19,552,666</u>
Total Current Assets		<u>118,896,075</u>	<u>73,948,224</u>
Non-current Assets			
Property and equipment	4,5,10	880,884,460	898,275,544
Intangible asset	4,5,11	378,750	436,429
Other noncurrent asset	4,5,12	7,000	7,000
Deferred tax asset, net	4,21	<u>16,905,965</u>	<u>15,777,982</u>
Total Non-Current Assets		<u>898,176,175</u>	<u>914,496,955</u>
TOTAL ASSETS		<u>₱ 1,017,072,250</u>	<u>₱ 988,445,179</u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade and other payables	4,13	₱ 110,752,791	₱ 96,208,116
Loans payable - current	4,14	31,288,420	62,308,506
Advances from shareholders	4,20	<u>21,872,037</u>	<u>5,861,043</u>
Total Current Liabilities		<u>163,913,248</u>	<u>164,377,665</u>
Non-Current Liabilities			
Loans payable - non current	4,14	<u>544,345,076</u>	<u>550,780,464</u>
Total Liabilities		<u>708,258,324</u>	<u>715,158,129</u>
Equity			
Share capital	4,15	150,500,000	149,460,000
Share premium	4,15	252,320,000	224,077,350
Revaluation surplus	4,15	16,144,047	16,144,047
Accumulated deficits	4	<u>(110,150,121)</u>	<u>(116,394,347)</u>
Equity, net		<u>308,813,926</u>	<u>273,287,050</u>
TOTAL LIABILITIES AND EQUITY		<u>₱ 1,017,072,250</u>	<u>₱ 988,445,179</u>

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. STATEMENTS OF
COMPREHENSIVE INCOME (LOSS)**

For The Six Months Ended June 30, 2021 and 2020

	Notes	January - June		April - June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUES	4,16	P 182,227,253	P 78,519,534	P 101,139,822	P 36,272,152
COST OF SALES AND SERVICES	4,17	<u>(118,841,953)</u>	<u>(90,927,051)</u>	<u>(62,817,013)</u>	<u>(47,496,055)</u>
GROSS PROFIT (LOSS)		63,385,300	(12,407,517)	38,322,809	(11,223,903)
OTHER INCOME	4,19	<u>2,150,415</u>	<u>1,993,106</u>	<u>1,213,856</u>	<u>789,425</u>
GROSS INCOME (LOSS)		65,535,715	(10,414,411)	39,536,665	(10,434,478)
OPERATING EXPENSES	4,18	<u>(40,920,987)</u>	<u>(16,950,423)</u>	<u>(19,361,175)</u>	<u>(7,227,571)</u>
FINANCE COST	4,14	<u>(18,843,175)</u>	<u>(21,571,122)</u>	<u>(9,118,601)</u>	<u>(10,872,869)</u>
NET INCOME (LOSS) BEFORE TAX		5,771,553	(48,935,956)	11,056,889	(28,534,918)
INCOME TAX BENEFIT	4,21	<u>472,673</u>	<u>14,678,901</u>	<u>289,622</u>	<u>8,561,384</u>
NET INCOME (LOSS) FOR THE PERIOD		<u>6,244,226</u>	<u>(34,257,055)</u>	<u>11,346,511</u>	<u>(19,973,534)</u>
OTHER COMPREHENSIVE INCOME (LOSS)	4,15				
Item that will not be reclassified to profit or loss					
Fair value gains on land		-	-	-	-
Tax effect					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 6,244,226</u>	<u>P (34,257,055)</u>	<u>P 11,346,511</u>	<u>P (19,973,534)</u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Six Months Ended June 30, 2021 and 2020

		<u>June 30</u>	
	<i>Notes</i>	2021	2020
		(Unaudited)	(Unaudited)
SHARE CAPITAL	4, 15	₱ 150,500,000	₱ 148,270,000
SHARE PREMIUM	4, 15	252,320,000	199,022,350
REVALUATION SURPLUS	4, 15	16,144,047	23,062,924
ACCUMULATED DEFICITS	4		
Balance, beginning of the year		(116,394,347)	(59,048,637)
Net income (loss) for the period		6,244,226	(34,257,055)
Balance, end of the year		(110,150,121)	(93,305,692)
EQUITY, net		₱ 308,813,926	₱ 277,049,582

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.

STATEMENTS OF CASH FLOWS

For The Six Months Ended June 30, 2021 and 2020

		June 30	
	Notes	2021	2020
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) before income tax Adjustment to reconcile net income (loss) to net cash provided by operating activities:		₱ 5,771,553	₱ (48,935,956)
Depreciation	4,5,10	21,751,636	20,062,632
Amortization	4,5,11	57,679	57,679
Credit losses	4,7,18,23	1,890,693	-
Interest expense	4,14	(18,843,175)	(21,571,122)
Interest income	4,6	4,753	7,113
Operating income (loss) before changes in working capital		10,633,139	(50,379,654)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	4,5,7	(32,475,833)	36,400,806
Inventories	4,8	(19,116,447)	(1,140,386)
Prepayments and other current assets	4,9	(2,394,136)	3,642,886
Increase (decrease) in: Trade and other payables	4,13	14,544,675	(13,179,864)
Cash used in operation		(28,808,602)	(24,656,212)
Interest received	4,6	(4,753)	(7,113)
Interest paid	4,14	18,843,175	-
Income tax paid	4,24	(364,678)	(316,328)
Net cash used inoperating activities		(10,334,858)	(24,979,653)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5,10	(4,360,552)	(79,475,837)
Additions to intangible assets	4,5,11	-	(326,786)
Collection of loans receivable	4,20	3,843,212	8,000,000
Net cash used in investing activities		(517,340)	(71,802,623)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	4,14	-	26,440,681
Proceeds from advancesfrom shareholders	4,20	16,010,994	-
Proceeds from issuanceof shares	4,15	29,282,650	133,666,708
Payment of loans	4,14	(37,455,474)	-
Payment of advancesfrom shareholders	4,20	-	(83,235,779)
Net cash provided by financing activities		7,838,170	76,871,610
NET DECREASE IN CASH		(3,014,028)	(19,910,666)
CASH AT THE BEGINNING OF THE YEAR		6,345,436	21,862,144
CASH AT THE END OF THE YEAR		₱ 3,331,408	₱ 1,951,478

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. (the Company)

is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 2, 2014 under SEC Registration No. CS201423451.

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 clinics, condo-hospital, scientific research and other allied undertaking and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On September 27, 2019, the SEC En Banc under SEC MSRD Order No. 37 approved effective the registration statement of the Company for 228,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for thirty six thousand (36,000) commons shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱200,000.00 per block up to a maximum offer price of ₱400,000.00 per block with an aggregate principal amount of One Billion Pesos (₱1,000,000,000.00); six hundred (600) founder shares – not included in the offer; and one hundred ninety-one thousand four hundred (191,400) common shares – not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The Company is a BOI – Registered Non-Pioneer Status Hospital certified by the Board of Investments covered by Certificate of Registration No. 2019-075 issued on April 16, 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 June 2019 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 Barangay 78, Marasbaras, Tacloban City, Leyte.

Status of Operation

The Company has launched the full opening and full commercial operations of its hospital building and facilities in July 2019.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

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

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements as of and for the year ended December 31, 2020.

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

- Amendments to PFRS 16, *Leases – Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and revised PFRS which are not yet effective for the three months ended March 31, 2020 and have not been applied in preparing the unaudited interim financial statements are summarized below.

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

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.
 - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when

measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively.

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

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

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

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

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

Deferred effectivity -

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at June 30, 2021 and December 31, 2020, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

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

As at June 30, 2021 and December 31, 2020, the Company's cash, trade and other receivables and loans receivables are classified under this category. (Note 6, 7, and 22)

Financial Assets at FVOCI

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

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

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

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

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

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

As at June 30, 2021 and December 31, 2020, the Company does not have financial assets classified as FVOCI.

Financial Liabilities at Amortized Cost

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

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

interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at June 30, 2021 and December 31, 2020, the Company's trade and other payables, (excluding government liabilities), loans payable, and advances from shareholders are classified under this category. (Note 13, 14, 20)

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

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

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. 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.

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

Derecognition of Financial Assets Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Inventories

Inventories include various laboratory, hospital, office, housekeeping and dietary supplies.

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

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

Other Current Assets

Other current assets include input tax, creditable withholding taxes and advances for liquidation. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

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

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment except for Land are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Land is subsequently measured at revalued amounts, being its fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers.

Any revaluation increase arising on the revaluation of land is recognized as other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation surplus relating to a previous revaluation of that asset. 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.

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

Land is not depreciated. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Intangible Assets

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

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

Impairment of Non- Financial Assets

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

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

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

Share Capital

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

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

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

Deficits

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

Revenue

Revenue recognition

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

Revenue is recognized as follows:

Hospital fees

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

Sale of drugs and medicines

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

Other income

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

Finance income

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

Expenses

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

Cost of sales and services

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

Operating expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses such as director's allowance, transportation and travel, meetings, marketing allowance, professional fee, salaries and wages, taxes and licenses, office supplies, advertising, communication light and water, fines and penalties, training and seminars, SSS, PHIC and HDMF contributions, bank charges, insurance, representation, interest expense, donations and contributions, miscellaneous and other expenses attributable to administrative and other business activities of the Company.

Borrowing cost

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

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

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

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

Income Tax

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

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

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

Employee Benefits

Short-term benefits

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

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

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company has just commenced commercial operation in 2019 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its major

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

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Provisions and contingencies

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

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

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

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

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

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

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

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

Subsequent events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgment

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

Determination of ECL on Financial Assets

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and

forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Details about the ECL on the Company's financial assets are disclosed in Note 23.

Assessment of Impairment of Nonfinancial Assets

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

No impairment loss was recognized in the Company's financial statements in either 2021 or 2020.

Estimates

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

Estimating useful lives of property and equipment

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

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

<u>Description</u>	<u>Useful Lives</u>
Building	50 years
Land improvements	10 years
Medical equipment	5 – 10 years
Laboratory equipment	5 – 10 years
Other hospital and office equipment	5 years
Transportation equipment	5 years
Office equipment/furniture and fixtures	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

NOTE 6 - CASH

This account consists of:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Cash on hand	P 2,571,238	P 2,865,872
Cash in banks	<u>760,170</u>	<u>3,479,564</u>
	<u>P 3,331,408</u>	<u>P 6,345,436</u>

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to P4,753, P10,777 and P7,113 for the six months ended June 30, 2021, year ended December 31, 2020, and six months ended June 30, 2020, respectively, and is presented under other income in the statements of comprehensive income.

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Trade receivables	P 59,622,073	P 27,126,682
Accrued interest receivable	599	163,023
Others	<u>473,586</u>	<u>330,720</u>
	60,096,258	27,620,425
Allowance for credit losses	<u>(3,886,731)</u>	<u>(1,996,038)</u>
	<u>P 56,209,527</u>	<u>P 25,624,387</u>

Trade receivables pertains to receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients.

Accrued interest receivable represents interest accrued on loans extended to related parties. (Note 20)

Other receivables pertain to advances to various employees and doctors.

A reconciliation of the allowance for expected credit losses as of June 30, 2021 and December 31, 2020 is shown below:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Balance, beginning	P 1,996,038	P -
Credit losses	1,890,693	1,996,038
Recovery of allowance	<u>-</u>	<u>-</u>
Balance, end	<u>P 3,886,731</u>	<u>P 1,996,038</u>

NOTE 8 - INVENTORIES

This account consists of:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Hospital supplies	P 33,083,192	P 12,464,555
Laboratory supplies	2,620,398	5,300,830
Office supplies	596,273	284,966
Housekeeping supplies	591,555	398,955
Dietary supplies	426,062	36,945
Engineering supplies	285,218	-
	P 37,602,698	P 18,486,251

Hospital and laboratory supplies pertain to medicines and medical supplies administered/used to patients.

Housekeeping supplies pertain to cleaning and sanitation supplies used for the upkeep and maintenance of the hospital building.

The Company recognized as expense, inventories costing P61,033,143 and P40,514,843 for the sixmonths ended June 30, 2021 and June 30, 2020, respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 9 - OTHER CURRENT ASSETS

This account consists of:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Input VAT	P 20,409,021	P 18,046,852
Prepaid income tax (Note 21)	486,068	776,700
Advances	761,081	729,114
	P 21,656,170	P 19,552,666

Input VAT are VAT on purchases of goods and services and the current portion of deferred input vat on purchase of capital goods. These are creditable to VAT liability of the Company.

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

NOTE 10 - PROPERTY AND EQUIPMENT - net

A reconciliation of the carrying amounts at the beginning and end of June 30, 2021 and December 31, 2020 of property and equipment is shown below:

**June 30, 2021
(Unaudited)**

	Land	Land improve- ments	Hospital Building	Medical Equipment	Transporta- tion Equipment	Laboratory Equipment	Office Equipment/ Furnitures and Fixture	Other Hospital Equipment	Total
Cost									
1-Jan-21	P 94,383,000	P 170,650	P 568,865,585	P 204,878,083	P 3,635,041	P 5,318,185	P 24,134,761,325,091	P 56,658,29316,964	P 958,518,6014,360,552
Additions	-	-	2,020,145	998,352	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
30-Jun-21	94,383,000	170,650	570,885,730	205,876,435	3,635,041	5,318,185	25,459,855	56,675,257	962,404,153
Accumulated depreciation									
1-Jan-21	-	34,130	15,665,089	28,677,223	968,399	732,399	6,561,044	7,129,773	59,768,057
Depreciation	-	8,533	5,703,908	10,349,653	180,234	260,959	2,350,811	2,897,536	21,751,636
Disposals	-	-	-	-	-	-	-	-	-
30-Jun-21	-	42,663	21,368,997	39,026,876	1,148,633	993,358	8,911,857	10,027,309	81,519,693
Carrying amounts									
31-Dec-20	P 94,383,000	P 136,520	P 553,200,496	P 176,200,860	P 2,666,642	P 4,585,786	P 17,573,720	P 49,528,520	P 898,275,544
Carrying amounts									
30-Jun-21	P 94,383,000	P 127,987	P 549,516,733	P 166,849,559	P 2,486,408	P 4,324,827	P 16,547,99	P 46,647,948	P 880,884,460

**December 31, 2020
(Audited)**

	Land	Land improve- ments	Hospital Building	Medical Equipment	Transporta- tion Equipment	Laboratory Equipment	Office Equipment/ Furnitures and Fixtures	Other Hospital Equipment	Total
Cost									
1-Jan-20	P 94,383,000	P 170,650	P 515,139,308	P 196,518,421	P 3,635,041	P 5,268,185	P 8,099,241	P 30,185,769	P 853,874,615
Additions	-	-	53,726,277	8,359,662	-	50,000	16,035,523	26,472,52	104,643,986
Disposals	-	-	-	-	-	-	-	-	-
31-Dec-20	94,383,000	170,650	568,865,585	204,878,083	3,635,041	5,318,185	24,134,764	56,658,29	958,518,601
Accumulated depreciation									
1-Jan-20	-	17,065	4,296,729	8,391,081	607,933	210,480	2,097,174	1,346,67	16,967,140
Depreciation	-	17,065	11,368,360	20,286,142	360,466	521,919	4,463,870	5,783,09	42,800,917
Disposals	-	-	-	-	-	-	-	-	-
31-Dec-20	-	34,130	15,665,089	28,677,223	968,399	732,399	6,561,044	7,129,77	59,768,057
Carrying amounts									
31-Dec-19	P 94,383,000	P 153,585	P 510,842,579	P 188,126,592	P 3,027,108	P 5,057,705	P 6,007,791	P 28,834,115	P 836,432,475
Carrying amounts									
31-Dec-20	P 94,383,000	P 136,520	P 553,200,496	P 176,200,860	P 2,666,642	P 4,585,786	P 17,573,720	P 49,528,520	P 898,275,544

The Company bought a parcels of land consisting of 7,797 sq. m. with TCT No. 122-2015- 000303 and TCT No. 122-2018000738 situated at Brgy. 78, Marasbaras, Tacloban, Leyte. The hospital building was constructed in this lot. The land together with all the buildings and improvements were used as collateral in the bank loan (Note 14). Land are stated at revalued amount based on the valuation performed by an independent appraisers on March 31, 2019. The fair value was determined by reference to market transactions on an arm's length term at the date of valuation.

The total carrying value of the land, land improvements and hospital building used as collateral for the loan amounted to ₱643,809,414 and ₱647,720,016 as at June 30, 2021 and December 31, 2020. (Note 14)

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of ₱234,279,142 and ₱247,888,886 as at June 30, 2021 and December 31, 2020 were used as collateral for a loan. (Note 14)

Transportation equipment with a carrying value of ₱2,486,408 and ₱2,666,642 as at June 30, 2021 and December 31, 2020 were used as collateral for a loan. (Note 14)

The construction of the hospital building was completed in March 2019.

The value of the parcels of land was arrived using a combination of cost and market (or direct sales comparison) approach. Cost approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. Market data approach is an appraisal technique in which the market value estimate is

predicted based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (pricewise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. Revaluation surplus recognized in Other Comprehensive Income (Loss) in prior year amounted to ₱16,144,047.

Depreciation expense were presented in the statements of comprehensive income are as follows (Note 17 and 18):

	30-Jun-2021 (Unaudited)	30-Jun-2020 (Unaudited)
Cost of sales and services (Note 17)	₱ 18,351,911	₱ 18,652,250
Operating expenses (Note 18)	<u>3,399,725</u>	<u>1,410,382</u>
	₱ 21,751,636	₱ 20,062,632

Management has reviewed the carrying values of property and equipment as at June 30, 2021 and December 31, 2020 for any impairment. Based on the result of its evaluation, there are no indications that these assets are impaired.

NOTE 11 - INTANGIBLE ASSET – net

This account pertains to the hospital information system used by the Company in its operation.

A reconciliation of the carrying amounts of the intangible assets at the beginning and end of June 30, 2021 and December 31, 2020 is shown below:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Cost		
Balance, beginning of the year	₱ 576,786	₱ 250,000
Additions	-	326,786
Disposal	<u>-</u>	<u>-</u>
Balance, end of the year	<u>576,786</u>	<u>576,786</u>
Accumulated Amortization		
Balance, beginning of the year	140,357	25,000
Amortization	57,679	115,357
Disposal	<u>-</u>	<u>-</u>
Balance at end of year	<u>198,036</u>	<u>140,357</u>
Carrying amount	₱ 378,750	₱ 436,429

No impairment losses were recognized in June 30, 2021 and December 31, 2020. The amortization of intangible asset is presented as part of operating expenses. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 12 - OTHER NON CURRENT ASSETS

This account pertains to miscellaneous deposit amounting to ₱7,000 as of June 30, 2021 and December 31, 2020.

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Trade payable	P 49,684,394	P 39,495,786
Retention payable	26,937,687	29,114,482
Accrued expense	32,751,133	26,162,821
Payable to government	1,035,614	1,214,214
Others	<u>343,963</u>	<u>220,813</u>
	<u>P 110,752,791</u>	<u>P 96,208,116</u>

Details of accrued expenses are shown below:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Interest	P 27,084,138	P 22,362,848
Professional fees	1,369,982	1,033,975
Meetings and conferences	1,164,500	-
Security services	1,064,820	762,907
Housekeeping services	754,860	503,304
Rental	645,973	481,150
Marketing expense	281,600	-
Swab service fee	203,070	-
Utilities	103,071	953,332
Internet, cable & communication	73,761	63,305
Corporate responsibility	<u>5,358</u>	-
	<u>P 32,751,133</u>	<u>P 26,162,821</u>

Trade payable pertain to unpaid balance on the progress billings of contractors and payable to suppliers on purchases of medical/hospital equipment and supplies. These are non-interest bearing and has a term of 30 to 60 days.

Retention payable pertains to the amount withheld or retain by the Company on the construction contract, this is payable upon completion of the project and acceptance of the Company of the workmanship of the contractor.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 14 - LOANS PAYABLE

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

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Current	P 31,288,420	P 62,308,506
Non-current	<u>544,345,076</u>	<u>550,780,464</u>
Total	<u>P 575,633,496</u>	<u>P 613,088,970</u>

First loan

The first loan is payable in ten (10) years inclusive of three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% to 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a 10-storey tertiary Hospital Building which is located in Brgy. 78, Marasbaras, Tacloban City. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc.

The total carrying value of the land, land improvements and hospital building used as collateral for the loan amounted to ₱643,809,414 and ₱647,720,016 as at June 30, 2021 and December 31, 2020. (Note 10)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at June 30, 2021 and December 31, 2020, the Company is compliant with the terms of its loan agreement.

Second loan

The second loan is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% to 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of medical equipment, hospital furniture and fixtures. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at June 30, 2021 and December 31, 2020, the Company is compliant with the terms of its loan agreement.

Third loan

The third loan is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% - 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of additional hospital equipment, hospital furniture and fixtures. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an

area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at June 30, 2021 and December 31, 2020, the Company is compliant with the terms of its loan agreement.

Fourth loan

The fourth loan is payable in five (5) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 4.5%-5% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the permanent working capital for the acquisition of the hospital/medical supplies and inventory build-up for medicine and laboratory supplies. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at June 30, 2021 and December 31, 2020, the Company is compliant with the terms of its loan agreement.

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of ₱234,279,142 and ₱247,888,886 as at June 30, 2021 and December 31, 2020, respectively were used as collateral for the second, third and fourth term loan. (Note 10)

Metropolitan Trust Banking Corporation (MBTC)

In 2017, the Company availed a loan from MBTC for the purchase of transportation equipment payable in thirty-five (35) monthly installments at an interest rate of 8.9% per annum with monthly amortization of ₱41,424.

In 2018, the Company availed additional loan from MBTC for the purchase of additional transportation equipment payable in thirty-five (35) monthly installments at an interest rate of 8.9% per annum with monthly amortization of ₱37,847.

Both loans are covered by a chattel mortgage on the aforementioned transportation equipment with a carrying value of ₱2,486,408 and ₱2,666,642 as at June 30, 2021 and December 31, 2020, respectively. (Note 10)

Movement of loans payable is as follows:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Beginning balance	₱ 613,088,970	₱ 620,030,582
Proceeds	-	10,000,000
Payments	(37,455,474)	(16,941,612)
Ending balance	₱ 575,633,496	₱ 613,088,970

Total interest incurred from these loans are presented as follows:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Under finance cost in the statements of comprehensive income	₱ 18,843,175	₱ 42,140,285

The Company was granted deferred payment of unpaid interest from its First and Second Loan under the "Bayanihan to Recovery As One Act", unpaid interest from January 2020 to September 2020 were deferred and is payable in 13 equal monthly installments starting on December 2020.

NOTE 15 - EQUITY

Capital Stock

The details of the Company's authorized, issued and outstanding capital as at June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:

	30-Jun-2021 (Unaudited)		31-Dec-2020 (Audited)		30-Jun-2020 (Unaudited)	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - ₱1,000 par value	₱239,400,000	239,400	₱239,400,000	239,400	₱239,400,000	239,400
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	240,000,000	240,000	240,000,000	240,000	240,000,000	240,000
Subscribed:						
Common shares - ₱1,000 par value	203,900,000	203,900	202,860,000	202,860	201,670,000	201,670
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	204,500,000	204,500	203,460,000	203,460	202,270,000	202,270
Less: Subscription receivable						
Common shares - ₱1,000 par value	(54,000,000)	(54,000)	(54,000,000)	(54,000)	(54,000,000)	(54,000)
Issued and outstanding	₱150,500,000	150,500	₱149,460,000	149,460	₱148,270,000	148,270

A reconciliation of the outstanding shares at the beginning and end of June 30, 2021 and December 31, 2020 is shown below:

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Outstanding, beginning	149,460	142,130
Issuance	1,040	7,330
Reacquisition	-	-
Outstanding, ending	150,500	149,460

Founders' shares have the exclusive right to vote and be voted for the election of Directors for five (5) years from the date of registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares.

In 2019, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of 228,000 common shares. Said registration statement was approved on June 28, 2019, in accordance with the provisions of the SEC's Securities Regulation Code. (See Note 1)

As at June 30, 2020, the Company issued through public offering additional **Six thousand one hundred forty (6,140)** common shares. The related share premium paid from this sale, amounted to ₱127,526,780. Total share premium paid as at June 30, 2020 amounted to ₱199,022,350.

As at December 31, 2020, the Company issued through public offering additional **Seven thousand three hundred thirty (7,330)** common shares. The related share premium paid from this sale, amounted to ₱152,581,708. Total share premium paid as at December 31, 2020 amounted to ₱224,077,350.

As at June 30, 2021, the Company issued through public offering additional **One thousand forty (1,040)** common shares. The related share premium paid from this sale, amounted to ₱19,760,000. Total share premium paid as at June 30, 2021 amounted to ₱252,320,000.00.

As at June 30, 2021, the Company has fifty (50) shareholders owning one hundred (100) and more shares of the Company's capital stock.

Revaluation Surplus

This account pertains to the revaluation gain on Land from the valuation of its parcels of land based on the valuation performed by an independent appraisers on March 31, 2019. (Note10)

NOTE 16 - REVENUES

Details of the Company's revenues are as follows:

	January - June		April - June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Hospital fees				
Hospital fees	₱ 152,881,589	₱ 64,643,284	₱ 83,858,022	₱ 29,797,232
Less: Hospital Discounts	(10,794,599)	(5,083,019)	(5,614,711)	(2,250,601)
Net	142,086,990	59,560,265	78,243,311	27,546,631
Sale of drugs and medicines				
Sale of drugs and medicines	44,456,396	21,553,339	25,085,893	10,054,686
Less: Sales Discounts	(4,316,133)	(2,594,070)	(2,189,382)	(1,329,165)
Net	40,140,263	18,959,269	22,896,511	8,725,521
Total	₱ 182,227,253	₱ 78,519,534	₱ 101,139,822	₱ 36,272,152

Hospitals discounts and sales discounts are discount extended to for the benefits of senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders spouse and dependents based on the company prospectus.

Breakdown of hospital fees are as follows:

	<u>January - June</u>		<u>April - June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Pulmonary Center Services	₱ 44,993,888	₱ 12,652,723	₱ 27,189,785	₱ 6,085,235
CSR	33,633,573	8,166,736	18,216,507	4,697,209
Clinical Lab	29,224,960	11,486,929	15,834,860	5,588,978
Room and board	15,644,409	8,523,507	10,141,583	3,681,616
Imaging	14,697,149	8,390,145	7,613,311	4,092,765
Cardiology	8,035,332	4,638,774	4,168,871	2,332,289
Ancillary income	6,527,795	10,736,547	628,260	3,296,630
Linen and laundry	124,483	47,923	64,845	22,510
	<u>₱ 152,881,589</u>	<u>₱ 64,643,284</u>	<u>₱ 83,858,022</u>	<u>₱ 29,797,232</u>

NOTE 17 - COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows:

	<u>January - June</u>		<u>April - June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Materials	₱ 55,383,929	₱ 35,276,686	₱ 31,978,321	₱ 21,027,834
Salaries and wages	24,474,030	18,282,868	12,240,944	8,282,281
Depreciation	18,351,911	18,652,250	9,193,456	9,332,306
Professional fees	6,667,960	5,745,339	3,225,837	2,600,421
Utilities	4,789,594	4,918,346	1,526,681	2,064,084
Dietary	3,706,229	3,567,364	2,099,067	1,761,971
SSS/PHIC/HDMF contributions	1,706,861	1,388,554	821,865	841,641
Service fees	1,456,790	656,662	662,640	525,120
Equipment Rentals	1,122,049	1,265,613	395,277	382,209
Housekeeping and room supplies	1,182,600	1,173,369	672,925	683,188
	<u>₱ 118,841,953</u>	<u>₱ 90,927,051</u>	<u>₱ 62,817,013</u>	<u>₱ 47,496,055</u>

NOTE 18 - OPERATING EXPENSES

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

	<u>January - June</u>		<u>April - June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Directors and officers allowance	₱ 8,850,000	₱ -	₱ 4,425,000	₱ -
Salaries and wages	6,029,871	5,408,736	3,146,245	2,633,283
Taxes and licenses	4,281,423	154,496	1,380,244	33,267
Depreciation	3,399,725	1,410,382	1,717,548	710,605
Utilities	2,234,494	845,284	1,434,028	354,817
Outside services	2,131,672	1,709,107	939,095	592,642
Credit losses	1,890,693	-	1,158,494	-
Repairs and maintenance	1,639,413	721,844	975,297	176,760
Training and development	1,590,083	66,771	30,834	-
Advertising/promotion/marketing	1,404,942	128,496	485,775	5,230

Meeting and conferences	1,302,500	1,479,500	673,000	536,000
Security services	902,735	1,844,649	450,617	464,900
Insurance	776,615	201,886	281,713	180,695
Office supplies	760,385	497,424	283,160	210,474
SSS/PHIC/HDMF contributions	531,962	432,758	262,331	266,131
Fuel oil and lubricants	425,766	236,767	186,731	27,122
Fines and penalties	376,190	13,400	376,190	-
Bank service charge	325,335	360,525	159,952	106,463
Professional fee	309,500	225,154	158,880	141,514
Transportation and travel	289,417	814,397	17,522	585,788
Uniforms	113,040	48,160	52,270	8,700
Representation and entertainment	59,154	283	-	-
Amortization	57,679	57,679	28,840	28,840
Miscellaneous	1,238,393	292,725	737,409	164,340
	<u>₱ 40,920,987</u>	<u>₱ 16,950,423</u>	<u>₱ 19,361,175</u>	<u>₱ 7,227,571</u>

NOTE 19 - OTHER INCOME

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

	January - June		April - June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from cafeteria	₱ 2,108,499	₱ 1,938,066	₱ 1,197,069	₱ 772,592
Interest income	4,753	7,113	2,303	3,030
Miscellaneous income	37,163	47,927	14,484	13,803
	<u>₱ 2,150,415</u>	<u>₱ 1,993,106</u>	<u>₱ 1,213,856</u>	<u>₱ 789,425</u>

NOTE 20 - RELATED PARTY TRANSACTIONS

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

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

June 30, 2021 (Unaudited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱16,010,994	₱ 21,872,037	(6)	(7)
Loans receivable- ACE Medical Center-Pateros, Inc.	Interest	₱37,232	₱303		
	Collection (Principal and interest)	(1,536,293)	₱ 34,691	(3)	(7)
Loans receivable- ACE Medical Center-Quezon City	Interest	₱65,251	₱296		
	Collection (Principal and interest)	(2,306,919)	₱ 61,581	(3)	(7)
		<u>30</u>			

December 31, 2020

(Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Payment	₱(77,374,736)	₱ 5,861,043	(6)	(7)
Loans receivable- ACE Medical Center- Pateros, Inc.	Collection (Principal and Interest)	₱(8,003,641)	₱1,570,984	(3)	(7)
Loans receivable- ACE Medical Center- Quezon City	Collection (Principal and Interest)	₱(4,034,570)	₱2,368,500	(3)	(7)

Terms and Conditions:

- (1) Interest bearing, collectible in cash in 3-months
- (2) Collectible in cash and on demand
- (3) Interest bearing, collectible in cash
- (4) Payable in cash and on demand
- (5) Secured by acceptable real or personal property
- (6) Non-interest bearing, no scheduled repayment terms
- (7) Unsecured

Loans Receivable

The Company extended loans to ACE Medical Center – Pateros, Inc. and ACE Medical Center – Quezon, Inc. amounting to ₱40,000,000 and ₱20,000,000, respectively with a 5.25% interest rate per annum. These loans are payable until 2021.

Interest earned from this loan receivable amounted to ₱102,483, and ₱682,144 for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

Cash Advances

The Company obtains cash advances from shareholders to finance the on-going construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Key Management Personnel Compensations

The compensation given by the Company to key management personnel as at June 30, 2021 and December 31, 2020 amounted to ₱12,712,091 and ₱7,298,779, respectively.

NOTE 21 - INCOME TAXES

Income tax expense (benefit) for the six months ended June 30, 2021 and 2020, consists of:

	January – June		April – June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current	P 655,310	P -	P 395,344	P -
Deferred	(1,127,983)	(14,678,901)	(684,966)	(8,561,384)
	<u>P (472,673)</u>	<u>P (14,678,901)</u>	<u>P (289,622)</u>	<u>P (8,561,384)</u>

Reconciliation between statutory tax and effective tax follows:

	January – June		April – June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income tax at statutory rate	P 1,442,888	P (14,680,787)	P 2,764,222	P (8,560,476)
Tax effect of income subject to final tax	(1,188)	(2,134)	(575)	(908)
Tax effect of non-deductible fines and penalties	94,048	4,020	94,048	-
Tax effect of non-deductible interest expense	297	-	144	-
Tax effect of application of NOLCO	(2,008,718)	-	(3,147,461)	-
Income tax expense	<u>P (472,673)</u>	<u>P (14,678,901)</u>	<u>P (289,622)</u>	<u>P (8,561,384)</u>

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

	January – June		April – June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income (Loss) before tax	P 5,771,553	P (48,935,956)	P 11,056,889	P (28,534,918)
Permanent differences:				
Interest income	(4,753)	(7,113)	(2,303)	(3,030)
Interest arbitrage	1,188	-	575	-
Non-deductible fines and penalties	376,190	13,400	376,190	-
Temporary differences:				
Credit losses	1,890,693	-	1,158,494	-
Application of NOLCO	(8,034,871)	-	(12,589,845)	-
Taxable income (loss)	-	(48,929,669)	-	(28,537,948)
Tax rate	25%	30%	25%	30%
	<u>-</u>	<u>(14,678,901)</u>	<u>-</u>	<u>(8,561,384)</u>
Minimum Corporate Income				
Taxable gross income	65,530,962	-	39,534,362	-
Tax rate	1%	2%	1%	2%
	<u>655,310</u>	<u>-</u>	<u>395,344</u>	<u>-</u>
Tax due (Higher of RCIT or MCIT)	655,310	-	395,344	-
Less: Tax credits	(776,700)	-	(776,700)	-
Creditable taxes	(364,678)	(316,328)	(204,316)	(114,248)
Prepaid income tax	<u>P (486,068)</u>	<u>P (316,328)</u>	<u>P (585,672)</u>	<u>P (114,248)</u>

Details of DTA and DTL follows:

	30-Jun-21 (Unaudited)	31- Dec-20 (Unaudited)
DTA:		
DTA arising from MCIT	P 815,141	P 159,831
DTA arising from NOLCO	21,938,217	21,938,217
DTA arising from credit losses	1,071,484	598,811
DTL:		
DTL arising from revaluation gains on land	(6,918,877)	(6,918,877)
	<u>P 16,905,965</u>	<u>P 15,777,982</u>

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021 which the taxable loss can be charged against taxable income within the next five taxable years pursuant to Section 4 (b) of the Tax Code and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income are summarized below:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
31-Dec-2020	2025	P 73,127,389	P -	P -	P 73,127,389
31-Dec-2019	2022	43,825,298	-	-	43,825,298
31-Dec-2018	2021	11,697,921	(8,034,871)	-	3,663,050
		<u>P128,650,608</u>	<u>P(8,034,871)</u>	<u>P -</u>	<u>P120,615,737</u>

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
30-Jun-2021	2024	P 655,310	P -	P -	P 655,310
31-Dec-2020	2023	159,831	-	-	159,831
		<u>P 815,141</u>	<u>P -</u>	<u>P -</u>	<u>P 815,141</u>

NOTE 22 - LEASE AGREEMENT

The Company entered into a lease agreement with Equilife Medical Equipment, Supplies and Services Inc. ("Lessor") for the use of medical equipment on a per day and monthly basis depending on the need of the hospital.

The Company has elected not to recognize a lease liability for short-term leases with variable payments. Payments made under such leases are expensed on a straight-line basis. Lease payments recognized as Equipment Rentals under Cost of Sales and Services in the Statements of Comprehensive Income amounted to P1,122,049, P2,193,005 and P1,265,613 for the six months ended June 30, 2021, December 31, 2020 and six months ended June 30, 2020, respectively. (Note 17)

NOTE 23 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash and receivables to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at June 30, 2021 and December 31, 2020, based on contractual undiscounted payment.

	June 30, 2021 (Unaudited)		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	₱ 109,717,177	₱ -	₱ 109,717,177
Loans payable	31,288,420	544,345,076	575,633,496
Advances from shareholders	21,872,037	-	21,872,037
	<u>₱ 162,877,634</u>	<u>₱ 544,345,076</u>	<u>₱ 707,222,710</u>
	December 31, 2020 (Audited)		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	₱ 94,993,904	₱ -	₱ 94,993,904
Loans payable	62,308,506	550,780,464	613,088,970
Advances from shareholders	5,861,043	-	5,861,043
	<u>₱ 163,163,453</u>	<u>₱ 550,780,464</u>	<u>₱ 713,943,917</u>

*Trade and other payables excludes government statutory payables amounting to ₱1,035,614 and ₱1,214,214 for June 30, 2021 and December 31, 2020, respectively.

Market Risks

Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to ₱575,633,496 and ₱613,088,970 as of June 30, 2021 and December 31, 2020, respectively, which are subject to interest rate repricing. (See Note 14)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax	
	30- Jun-21 (Unaudited)	31- Dec-20 (Audited)
+1%	₱ (5,756,335)	₱ (6,130,890)
-1%	5,756,335	6,130,890

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at June 30, 2021 and December 31, 2020.

Credit Quality per Class of Financial Asset

	June 30, 2021					
	Neither Past Due nor Impaired					
	Standard		Substandard	Past Due but		Total
	High Grade	Grade	Grade	not Impaired	Impaired	
Cash in banks	₱ 760,170	₱-	₱-	₱-	₱-	₱ 760,170
Trade and other receivables	474,185	26,797,754		2,937,588	3,886,731	60,096,258

Loans receivable	96,272	-				96,272
	<u>P 1,330,627</u>	<u>P 26,797,754</u>	<u>P-</u>	<u>P28,937,588</u>	<u>P3,886,731</u>	<u>P 60,952,700</u>
December 31, 2020						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P 3,479,564	P-	P-	P-	P-	P 3,479,564
Trade and other receivables	493,743	9,030,152	-	16,100,492	1,996,038	27,620,425
Loans receivable	3,939,484	-	-	-	-	3,939,484
	<u>P 7,912,791</u>	<u>P 9,030,152</u>	<u>P-</u>	<u>P16,100,492</u>	<u>P1,996,038</u>	<u>P 35,039,473</u>

Details of past due accounts but not impaired is as follows:

June 30, 2021 (Unaudited)					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total Trade
receivables	<u>P 6,766,601</u>	<u>P 5,936,473</u>	<u>P 5,019,088</u>	<u>P 11,215,426</u>	<u>P 28,937,588</u>
December 31, 2020					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	<u>P 3,948,123</u>	<u>P 3,627,540</u>	<u>P 2,654,083</u>	<u>P 5,870,746</u>	<u>P 16,100,492</u>

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Cash in banks	P 760,170	P 3,479,564
Trade and other receivables	60,096,258	27,620,425
Loans receivable	96,272	3,939,484
	<u>P 60,952,700</u>	<u>P 35,039,473</u>

Cash excludes cash on hand amounting to P2,571,238 and P2,865,872 in June 30, 2021 and December 31, 2020.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and advances to contractors as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Trade and other receivables

Trade Receivables

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

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

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

On that basis, the loss allowance as at June 30, 2021 and December 31, 2020 was determined based on months past due, as follows for trade receivables:

	June 30, 2021 (Unaudited)					
	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	
Trade receivables	<u>₱ 27,344,647</u>	<u>₱ 7,122,738</u>	<u>₱ 6,383,304</u>	<u>₱ 5,576,764</u>	<u>₱ 13,194,620</u>	<u>₱ 59,622,073</u>
Loss allowance	<u><u>₱ 546,893</u></u>	<u><u>₱ 356,137</u></u>	<u><u>₱ 446,831</u></u>	<u><u>₱ 557,676</u></u>	<u><u>₱ 1,979,193</u></u>	<u><u>₱ 3,886,731</u></u>

	December 31, 2020 (Audited)					
	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	
Trade receivables	<u>₱ 9,214,440</u>	<u>₱ 4,155,919</u>	<u>₱ 3,900,580</u>	<u>₱ 2,948,982</u>	<u>₱ 6,906,761</u>	<u>₱ 27,126,682</u>
Loss allowance	<u><u>₱ 184,289</u></u>	<u><u>₱ 207,796</u></u>	<u><u>₱ 273,041</u></u>	<u><u>₱ 294,898</u></u>	<u><u>₱ 1,036,014</u></u>	<u><u>₱ 1,996,038</u></u>

A reconciliation of the closing loss allowance for trade receivables as at June 30, 2021 and December 31, 2020 is presented in Note 13.

Other Receivables

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

(c) Loans receivables

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

Capital Management

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

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

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

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Liabilities	₱ 708,258,324	₱ 715,158,129
Equity	<u>309,392,711</u>	<u>273,287,050</u>
Debt-to-Equity Ratio	<u>2.289:1</u>	<u>2.62:1</u>

The Company is not subjected to externally imposed capital requirements.

NOTE 24 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at June 30, 2021 and December 31, 2020:

		June 30, 2021			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 760,170	₱-	₱ 760,170	₱-
Trade and other receivables	8	56,209,527	-	56,209,527	-
Loans receivable	20	<u>96,272</u>	-	<u>96,272</u>	-
		<u>₱ 57,065,969</u>	<u>₱-</u>	<u>₱ 57,065,969</u>	<u>₱-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 109,717,177	₱-	₱ 109,717,177	₱-
Loans payable	14	575,633,496	-	575,633,496	-
Advances from shareholders	20	<u>21,872,037</u>	-	<u>21,872,037</u>	-
		<u>₱ 707,222,710</u>	<u>₱-</u>	<u>₱ 707,222,710</u>	<u>₱-</u>
		December 31, 2020			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 3,479,564	₱-	₱ 3,479,564	₱-
Trade and other receivables	8	25,624,387	-	25,624,387	-
Loans receivable	20	<u>3,939,484</u>	-	<u>3,939,484</u>	-
		<u>₱ 33,043,435</u>	<u>₱-</u>	<u>₱ 33,043,435</u>	<u>₱-</u>

		December 31, 2020			
		Fair Value			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note				
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P 94,993,904	P-	P 94,993,904	P-
Loans payable	14	613,088,970	-	613,088,970	-
Advances from shareholders	20	5,861,043	-	5,861,043	-
		<u>P 713,943,917</u>	<u>P-</u>	<u>P 713,943,917</u>	<u>P-</u>

*Trade and other payables excludes government statutory payables amounting to P1,035,614 and P1,216,466 for June 30, 2021 and December 31, 2020, respectively.

NOTE 25 - OTHER MATTERS

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

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

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

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

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

The key assumptions concerning the future and other key sources of estimation used the preparation of the unaudited interim financial statements are consistent with those followed in preparation of the Company's annual financial statements as of and for the year ended December 31, 2020.

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

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

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

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

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

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

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of June 30, 2021

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
Barangay 78, Marasbaras, Tacloban City, Leyte

Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning of the year			<u>(P116,394,347)</u>
Add: Net income actually earned/realized during the period			6,244,226
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 retained earnings as a result of certain transactions accounted for under PFRS	-		
Sub-total	<u>-</u>		
Add: Non-actual losses			
• Depreciation or revaluation increment (after tax)	-		
• Adjustment due to deviation from PFRS/GAAP - loss	-		
• Loss on fair value adjustment of investment property (after tax)	-		
Sub-total	<u>-</u>		-
Net income actually earned during the period		P	6,244,226
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>		<u>-</u>
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION			<u><u>P- nil-</u></u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED
FINANCIAL SOUNDNESS INDICATORS

Current Ratio

	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
Total current assets	₱ 118,896,075	₱ 73,948,224
Total current liabilities	<u>163,913,248</u>	<u>164,377,665</u>
Current ratio	<u>0.725:1</u>	<u>0.45:1</u>

Quick Ratio

	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
Total liquid asset Total	₱ 97,239,905	₱ 35,909,307
current liabilities	<u>163,913,248</u>	<u>164,377,665</u>
Quick ratio	<u>0.593:1</u>	<u>0.218:1</u>

Working Capital to Total Asset

	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
Working capital	₱ (45,017,173)	₱ (90,429,441)
Total liabilities	<u>708,258,324</u>	<u>715,158,129</u>
Working capital ratio	<u>-0.064:1</u>	<u>-0.126:1</u>

Solvency Ratio

	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
Net income (loss) after tax + Depreciation and amortization	₱ 28,053,541	₱ (9,731,903)
Total liabilities	<u>708,258,324</u>	<u>715,158,129</u>
Solvency ratio	<u>0.04:1</u>	<u>-0.014:1</u>

Debt-to-equity Ratio

	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
Total liabilities	₱ 708,258,324	₱ 715,158,129
Total equity	<u>308,813,926</u>	<u>273,287,050</u>
Debt-to-equity ratio	<u>2.293:1</u>	<u>2.617:1</u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED
FINANCIAL SOUNDNESS INDICATORS

Asset-to-equity Ratio

	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Total assets	₱ 1,017,072,250	₱ 988,445,179
Total equity	<u>308,813,926</u>	<u>273,287,050</u>
Asset to equity ratio	<u>3.293:1</u>	<u>3.617:1</u>

Interest Rate Coverage Ratio

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Pre-tax profit (loss) before interest Interest	₱ 24,614,728	₱ (48,935,956)
	<u>18,843,175</u>	<u>78,519,534</u>
Interest rate ratio	<u>1.306:1</u>	<u>-0.623:1</u>

Profitability Ratios

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net profit (loss) after tax	₱ 6,244,226	₱ (34,252,055)
Total equity	<u>308,813,926</u>	<u>277,049,582</u>
	<u>0.02:1</u>	<u>-0.124:1</u>

a.) Return on asset ratio

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net income (loss) after tax	₱ 6,244,226	₱ (34,252,055)
Average assets	<u>1,002,758,715</u>	<u>6,001,152,990</u>
	<u>0.006:1</u>	<u>-0.006:1</u>

b.) Return on equity ratio

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net profit (loss) after tax	₱ 6,244,226	₱ (34,252,055)
Average equity	<u>292,931,754</u>	<u>227,344,756</u>
	<u>0.021:1</u>	<u>-0.151:1</u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED
FINANCIAL SOUNDNESS INDICATORS

c.) Gross Profit Margin Ratio

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net profit (loss) before tax	₱ 5,771,553	₱ (48,930,956)
Gross profit	63,385,300	(9,779,143)
	0.091:1	5.004:1

d.) Net Profit Margin

	30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net profit (loss) after tax	₱ 6,244,226	₱ (34,252,055)
Revenue	182,227,253	78,519,534
	0.034:1	-0.436:1

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

FINANCIAL STATEMENTS

December 31, 2020

*(With Comparative Figures for the Year Ended
December 31, 2019 and 2018)*

and

Report of Independent Auditors



Allied Care Experts (ACE) Medical Center-Tacloban

"A Member of ACE Group of Hospitals"

Brgy. 78 Marasbaras, Tacloban City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

PEREZ, SESE, VILLA & CO. and DIMACULANGAN, DIMACULANGAN & CO. CPA'S., the independent auditors appointed by the shareholders for the years ended December 31, 2020, 2019 and 2018 respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


AMADO MANUEL C. ENRIQUEZ JR.

Chairman of the Board


FERNANDO P. CARLOS

President


NIMFA L. NUEVAS

Treasurer

Signed this 11th day of May, 2021.

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

NAMES

COMPETENT EVIDENCE OF
IDENTITY

DATE AND PLACE ISSUED

**SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS**

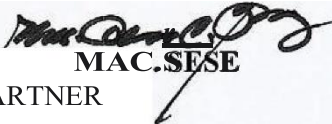
To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER - TACLOBAN, INC.
Barangay 78, Marasbaras,
Tacloban City, Leyte

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - TACLOBAN, INC.** for the year ended December 31, 2020, on which we have rendered the attached report dated May 11, 2021.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty (50) shareholders owning one hundred (100) or more shares of the Company's capital stock as at December 31, 2020, as disclosed in Note 17 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY:


MAC. SESE
PARTNER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 9848590, January 12, 2021, Manila City

SEC Group B Accreditation

Partner - 1606-AR-1, valid until December 16, 2022

Firm - 0336-FR-1, valid until December 16, 2022

BIR AN - 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

Partner -54588-IC, valid until December 3, 2024

Firm -0222-IC, valid until December 3, 2024

FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
May 11, 2021



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(02) 8554-9073



9th Floor Unit C Maric 2000 Tower
1973 Taft Avenue cor. San Andres St.
Malate Manila, 1004

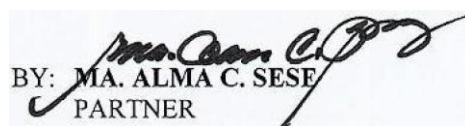
TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with our examination of the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - TACLOBAN, INC.**, which are to be submitted to the Commission, we hereby represent the following:

1. That we are in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards in all cases where we shall express an unqualified opinion; Except that in case of any departure from such principles; we shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That we shall fully meet the requirements of independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, we shall comply with the Philippine Financial Reporting Standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitations in the scope of our examination, we shall indicate the nature of departure and the extent of the limitation, the reasons thereof and the effects thereof on the expression of our opinion or which may necessitate the negation of the expression of an opinion; and
5. That we shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements;
6. That relative to the expression of our opinion on the said financial statements, we shall not commit any act discreditable to the profession as provided for in Section 23 of the Code of Profession Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity and as a Managing Partner of Perez, Sese, Villa & Co., CPAs.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
PARTNER

CPA Reg. No. 0054588
TIN212-955-173-000
PTR No. 9848590, January 12, 2021, Manila City
SEC Group B Accreditation
Partner - 1606-AR-I, valid until December 16, 2022
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Manila, Philippines
May 11, 2021

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Malate Manila, 1004





PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-TACLOBAN, INC.
Barangay 78, Marasbaras,
Tacloban City, Leyte

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - TACLOBAN, INC.**, for the year ended December 31, 2020 and have issued our report thereon dated May 11, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **LMAC.S E TNER**

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 9848590, January 12, 2021, Manila City

SEC Group B Accreditation

Partner-1606-AR-1, valid until December 16, 2022

Firm -0336-FR-1, valid until December 16, 2022

BIR AN - 06-002735-001-2021, valid until March 5, 2024

IC Accreditation

Partner -54588-IC, valid until December 3, 2024

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Manila, Philippines

May 11., 2021

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Malate Manila, 1004



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-TACLOBAN, INC.**
Barangay 78, Marasbaras,
Tacloban City, Leyte

Report on the Audit of the Financial Statements*Opinion*

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

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

Basis for Opinion

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

Other matter

The financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - TACLOBAN, INC.** as at and for the years ended December 31, 2019 and 2018 were audited by another auditor whose report dated September 19, 2020 and April 6, 2019, respectively, expressed an unmodified opinion on the financial statements. These financial statements were presented for comparative purposes only.

Emphasis of Matter-Effect of COVID-19

We draw attention to Note 27 to the financial statements, which discussed the effect of COVID-19 on the Company. Our opinion is not modified with respect to this matter.

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M alat e M anila, 100 4



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **MAC.SE**
ER

CPA Reg. No. 0054588

TIN 212-955-173-000

PTR No. 9848590, January 12, 2021, Manila City

SEC Group B Accreditation

Partner-1606-AR-1, valid until December 16, 2022

Firm -0336-FR-1, valid until December 16, 2022

BIR AN - 06-002735-001-2021, valid until March 5, 2024

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FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines

May 11, 2021

STATEMENTS OF FINANCIAL POSITION

December 31, 2020

(With Comparative Figures for December 31, 2019 and 2018)

	Notes	2020	2019 (As Restated, Note 29)	2018
ASSETS				
Current Assets				
Cash	4,5,6	6,345,436	21,841,531	22,386,668
Trade and other receivables	4,5,7	25,624,387	9,696,415	3,476,946
Loans receivable	4,22	3,939,484	15,977,695	60,000,000
Inventories	4,8	18,486,251	17,696,214	
Advances to suppliers	4,9		32,525,921	90,359,063
Other current assets	4,10	19,552,666	53,701,356	42,170,719
Total Current Assets		73,948,224	151,439,132	218,393,396
Non-current Assets				
Property and equipment	4,5,11	898,275,544	836,432,475	481,833,638
Intangible asset	4,5,12	436,429	225,000	250,000
Other noncurrent asset	4,5,13	7,000	7,000	7,000
Deferred tax asset, net	4,23	15,777,982		
Total Non-Current Assets		914,496,955	836,664,475	482,090,638
TOTAL ASSETS		<u>988,445,179</u>	<u>988,103,607</u>	<u>700,484,034</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	4,14	96,208,116	111,894,850	44,549,647
Reservation deposit	4,15			10,400,000
Loans payable - current	4,16	62,308,506	79,250,118	15,133,934
Advances from shareholders	4,22	5,861,043	83,235,779	105,516,259
Total Current Liabilities		164,377,665	274,380,747	175,599,840
Non-Current Liabilities				
Loans payable - non current	4,15	550,780,464	540,780,464	406,473,464
Deferred tax liability	4,23		6,918,877	
Total Non-current Liabilities		550,780,464	547,699,341	406,473,464
Total Liabilities		715,158,129	822,080,088	582,073,304
Equity				
Share capital	4,17	149,460,000	142,130,000	138,000,000
Share premium	4,17	224,077,350	71,495,642	
Revaluation surplus	4,17	16,144,047	16,144,047	
Accumulated deficits	4	(116,394,347)	(63,746,170.2)	(19,589,270)
Equity, net		273,287,050	166,023,519	118,410,730
TOTAL LIABILITIES AND EQUITY		<u>988,445,179</u>	<u>988,103,607</u>	<u>700,484,034</u>

(See accompanying Notes to Financial Statements)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Year Ended December 31, 2020
(With Comparative Figures For The Years Ended December 31, 2019 and 2018)

	Notes	2020	2019 (As Restated, Note 29)	2018
REVENUES	4,18	1" 197,407,831	63,709,028	63,709,028
COST OF SALES AND SERVICES	4,19	(193,221,426.10)	{50,256,110.2	{50,256,110.2
GROSS PROFIT		4,193,221	13,452,918	13,452,918
OTHER INCOME	4,21	328,092,082	1,631,379	16,287
GROSS INCOME		8,002,303	15,084,297	16,287
OPERATING EXPENSES	4,20	(41,047,223)	(38,150,990)	(11,006,781)
FINANCE COST	4,16	(421,140,285)	{20,795,107}	{697,858}
LOSS BEFORE TAX		(75,185,205)	(43,861,800)	(11,688,352)
INCOME TAX BENEFIT	4,23	(22,537,028)		
LOSS FOR THE YEAR		(52,648,217.7)	{43,861,800}	[11,688,352]
OTHER COMPREHENSIVE INCOME	4,16			
Item that will not be reclassified to profit or loss				
Fair value gains on land			23,062,924	
Tax effect			{6,918,877}	
			16,144,047	
TOTAL COMPREHENSIVE LOSS		P (52,648,177)	P (27,717,753)	P (11,688,352)

(See accompanying Notes to Financial Statements)

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended December 31, 2020
(With Comparative Figures For The Years Ended December 31, 2019 and 2018)

	Notes	2020	2019 (As Restated, Note 29)	2018
SHARE CAPITAL	4,17	P 149,246,020.00	P 142,130,000	P 138,000,000
SHARE PREMIUM	4,17	224,077,330	71,495,642	
REVALUATION SURPLUS	4,17	161,144,104.7	16,144,047	
ACCUMULATED DEFICITS	4			
Balance, beginning of the year		(63,746,170)	(19,589,270)	(7,900,918)
Loss for the year		(52,648,177)	(43,861,800)	(11,688,352)
Prior period adjustments			(295,100)	
Balance, end of the year		(116,394,347)	(63,746,170)	(19,589,270)
EQUITY, net		P 273,287,003.00	P 166,023,519	P 118,410,730

(See accompanying Notes to Financial Statements)

STATEMENTS OF CASH FLOWS

For The Year Ended December 31, 2020

(With Comparative Figures For The Years Ended December 31, 2019 and 2018)

Notes	2020	2019	2018
		(As Restated, Note 29)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	P (75,185,205)	P (43,861,800)	I" (11,688,352)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Depreciation 4,5,11	42,800,917	16,507,580	244,199
Amortization 4,5,12	115,357	25,000	
Finance costs 4,16	42,140,285	20,795,107	697,858
Interest income 4,6	(10,777)	(16,985)	(16,287)
Operative ieomc (loss) before chanj!es in working capital	9,860,577	(6,551,098)	(10,762,582)
Chan2es in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables 4,5,7	(15,927,972)	(10,870,364)	(48,042,741)
Inventories 4,8	(790,037)	(17,696,214)	
Advances to suppliers 4,9	32,525,921	57,833,142	(16,675,744)
Prepayments and other current assets 4,10	34,925,390	(7,174,842)	60,000
Increase (decrease) in:			
Trade and other payables 4,14	{15,686,734}	67,345,203	16,797,736
Cash 2enerated from (used for) operation	44,907,145	82,885,827	(58,623,331)
Interest received 4,6	10,777	16,985	16,287
Interest expense paid 4,16	(42,140,285)	(20,795,107)	(697,858)
Income tax paid 4,24	(936,531)		
Net cash provided by (used in) operative activities	1,841,106	62,107,705	(59,304,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment 4,5,11	(104,643,986)	(348,043,493)	(211,227,446)
Additions to intangible assets 4,5,12	(326,786)		(250,000)
Collection of loans receivable 4,22	12,038,211	44,022,305	
Net cash used in investine: activities	{92,932,561}	(304,021,188)	(211,477,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares 4,17	159,911,708	65,225,642	
Proceeds from loans 4,16	10,000,000	198,423,184	240,563,366
Proceeds from advances from shareholders 4,22			38,965,778
Payment of loans 4,16	(16,941,612)		
Payment of advances from shareholders 4,22	(77,374,736)	(22,280,480)	
Net cash provided by financin! activities	75,595,160	241,368,346	279,529,144
NET INCREASE (DECREASE) IN CASH	(15,496,095)	(545,137)	8,746,796
CASH AT THE BEGINN'ING OF THE YEAR	21,841,531	22,386,668	13,639,872
CASH AT THE END OF THE YEAR	t 6,145,436	p 21,841,531	p 22,386,668

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER -
TACLOBAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 and 2018**

NOTE 1- GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-TACLOBAN, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 2, 2014 under SEC Registration No. CS201423451.

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 clinics, condo-hospital, scientific research and other allied undertaking and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On September 27, 2019, the SEC En Banc under SEC MSRD Order No. 37 approved effective the registration statement of the Company for 228,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for thirty six thousand (36,000) commons shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱200,000.00 per block up to a maximum offer price of P400,000.00 per block with an aggregate principal amount of One Billion Pesos (P 1,000,000,000.00); six hundred (600) founder shares - not included in the offer; and one hundred ninety-one thousand four hundred (191,400) common shares - not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The Company is a BOI - Registered Non-Pioneer Status Hospital certified by the Board of Investments covered by Certificate of Registration No. 2019-075 issued on April 16, 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 June 2019 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 Barangay 78, Marasbaras, Tacloban City, Leyte.

Status of Operation

The Company has launched the full opening and full commercial operations of its hospital building and facilities in July 2019.

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2020 were approved and authorized for issue by the Board of Directors on May 11, 2021.

NOTE 2- BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Measurement

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

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

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2020.

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

- Amendments to References to the *Conceptual Framework in PFRS*- The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PFRS 3 - *Definition of a Business* - This amendment provides an improved definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated 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 an output'. The

clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*- The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020 -

- Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions* - The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic . A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements are summarized below.

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

- Amendments to PFRS 3, *Reference to Conceptual Framework*- The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework . The requirement would ensure that *the* liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* - The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively *to* items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* - The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained

earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - o Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* - The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.
 - o Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - o Amendments to PFRS 16, *Leases - Lease Incentives* - The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.
 - o Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* - The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively.

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

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

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

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

explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

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

Defen-ed effectivity -

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

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

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

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

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

As at December 31, 2020, 2019 and 2018, the Company does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

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

As at December 31, 2020, 2019 and 2018, the Company's cash, trade and other receivables and loans receivables are classified under this category. (Note 6, 7, and 22)

Financial Assets at FVOCI

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2020, 2019 and 2018, the Company's trade and other payables, (excluding government liabilities), loans payable, and advances from shareholders are classified under this category.

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

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

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. 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.

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

Derecognition of Financial Assets Liabilities

Financial Assets

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

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

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

financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Inventories

Inventories include various laboratory, hospital, office, housekeeping and dietary supplies.

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

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

Other Current Assets

Other current assets include input tax, creditable withholding taxes and advances for liquidation. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

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

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment except for Land are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Land is subsequently measured at revalued amounts, being its fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers.

Any revaluation increase arising on the revaluation of land is recognized as other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation surplus relating to a previous revaluation of that asset. 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.

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

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. Land is not depreciated.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Intangible Assets

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

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

Impairment of Non- Financial Assets

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

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

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

Share Capital

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

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

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

Deficits

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

Revenue

Revenue recognition

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

Revenue is recognized as follows:

H05,pital fees

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

Sale of drugs and medicines

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

Other income

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

Finance income

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

Expenses

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

Cost of sales and services

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

Operating expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses such as director's allowance, transportation and travel, meetings, marketing allowance, professional fee, salaries and wages, taxes and licenses, office supplies, advertising, communication light and water, fines and penalties, training and seminars, SSS, PHIC and HDMF contributions, bank charges, insurance, representation, interest expense, donations and contributions, miscellaneous and other expenses attributable to administrative and other business activities of the Company.

Borrowing cost

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

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

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

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

Income Tax

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the

carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

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

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

Employee Benefits

Short-term benefits

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

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

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company has just commenced commercial operation in 2019 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

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

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Provisions and contingencies

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

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

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

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

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

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

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

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

Subsequent events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgment

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

Determination of ECL on Financial Assets

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Details about the ECL on the Company's financial assets are disclosed in Note 25.

Assessment of Impairment of Nonfinancial Assets

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

No impairment loss was recognized in the Company's financial statements in either 2020 or 2019.

Estimates

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

Estimating useful lives of property and equipment

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

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

<u>Description</u>	<u>Useful Lives</u>
Building	50 years
Land improvements	10 years
Medical equipment	5 - 10 years
Laboratory equipment	5 - 10 years
Other hospital and office equipment	5 years
Transportation equipment	5 years
Office equipment/furniture and fixtures	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

NOTE 6- CASH

This account consists of:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash on hand	P 2,865,872	P 2,174,840	P 30,000
Cash in banks	<u>3,479,564</u>	<u>19,666,691</u>	<u>22,356,668</u>
	<u>P 6,345,436</u>	<u>P 21,841,531</u>	<u>P 22,386,668</u>

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to P10,777, P16,985 and P16,287 for the years 2020, 2019 and 2018, respectively, and is presented under interest income in the statements of comprehensive income.

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Trade receivables	P 27,126,682	9,252,488	
Accrued interest receivable	163,023	306,680	3,334,109

Others	<u>330,720</u>	<u>137,247</u>	<u>142,837</u>
	<u>27,620,425</u>	<u>9,696,415</u>	<u>3,476,946</u>
Allowance for credit losses	<u>1,996,038</u>		
	P 25,624,387	<u>9,696,415</u>	P 3,476,946

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

Accrued interest receivable represents interest accrued on loans extended to related parties. (Note 22)

Other receivables pertain to advances to various employees and doctors.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2020 and 2019 is shown below:

	<u>2020</u>	<u>2019</u>
Balance at January 1	P	
Credit losses	1,996,038	
Recovery of allowance		
Balance, December 31	<u>1,996,038</u>	

NOTE 8 - INVENTORIES

This account consists of:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Hospital supplies	P 12,464,555	P 4,441,238	
Laboratory supplies	5,300,830	12,399,848	
Housekeeping supplies	398,955	269,222	
Office supplies	284,966	370,363	
Dietary supplies	36,945	215,543	
	<u>P 18,486,251</u>	<u>p 17,696,214</u>	<u>P</u>

Laboratory and hospital supplies pertain to medicines and medical supplies administered/used to patients.

Housekeeping supplies pertain to cleaning and sanitation supplies used for the upkeep and maintenance of the hospital building.

The Company recognized as expense, inventories costing P82,891,521 and P6,129,658 in 2020 and 2019 respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 9 - ADVANCES TO SUPPLIERS

Advances to suppliers represent payments made to suppliers of medical equipment and/or construction materials. The amounts normally represent 5% - 50% of the total contract price of the items purchased. This amounts to Pnil, P32,525,921 and P90,359,063 as at December 31, 2020, 2019 and 2018, respectively.

NOTE 10 - OTHER CURRENT ASSETS

This account consists of:

	2020	2019	2018
Input VAT	P 18,046,852	P 6,730,675	
Prepaid income tax (Note 23)	776,700		
Advances	729,114	149,067	
Advances to contractors		46,821,614	42,170,719
	P 19,552,666	P 53,701,356	P 42,170,719

Input VAT are VAT on purchases of goods and services and the current portion of deferred input vat on purchase of capital goods. These are creditable to VAT liability of the Company.

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

Advances to contractors represent advances for each awarded project activity and is liquidated via deduction, on a pro-rata basis, from the contractor's periodic progress billings.

NOTE 11 - PROPERTY AND EQUIPMENT

A reconciliation of the carrying amounts at the beginning and end of year 2020, 2019 and 2018 of property and equipment is shown below:

2020

	Land	Land improvements	Hospital Building	Medical Equipment	Transportation Equipment	Laboratory Equipment	Office Equipment/Furniture and Fixtures	Other Hospital Equipment	Total
Cost									
1-Jan-20	P' 94,383,000	P' 170,650	P' 515,139,308	P' 196,518,421	P' 3,635,041	P' 5,268,185	P' 8,099,241	P' 10,185,769	P' 853,874,615
Additions			53,726,277	8,359,662		50,000	16,035,523	26,472,524	104,643,986
Disposals									
31-Dec-10	94,383,000	110,650	568,865,585	204,678,083	3,635,041	5,318,185	24,134,764	56,658,293	958,518,601
Accumulated depreciation									
1-Jan-20		17,065	4,296,729	8,391,081	607,933	210,480	2,097,174	1,346,678	16,967,140
Depreciation		17,065	11,368,360	20,286,142	360,466	521,919	4,463,870	5,783,095	42,800,917
Disposals									
31-Dec-20		34,130	15,665,089	28,677,223	968,399	732,399	6,561,044	7,129,773	59,768,057
Carrying amounts									
31-Dec-19	P 94,383,000	P 153,585	P 510,842,579	P 188,126,592	P 1,027,108	P 5,057,705	P 6,007,791	P 28,834,115	P 636,432,475
Carrying amounts									
31-Dec-20	P 94,383,000	P 136,520	P 553,200,497	P 176,200,660	P 2,666,642	P 4,585,786	P 17,573,720	P 49,528,520	P 898,275,544

2019

	Land	Construction-in-progress	Land improvements	Hospital Building	Medical Equipment	Sub-Total
Cost						
1-Jan-19	P 71,320,076	P 406,705,842	P 170,650	P	P 45,000	P 478,070,918
Additions		108,433,466			81,873,421	190,477,537
Reclassifications		(515,139,308)		515,139,308	114,600,000	114,600,000
Appraisal	23,062,924					23,062,924
31-Dec-19	94,383,000		170,650	515,139,308	196,518,421	806,211,379
Accumulated depreciation						
1-Jan-19					748	748
Depreciation			17,065	4,296,729	8,391,081	12,704,875
Disposals						
31-Dec-19			17,065	4,296,729	8,391,829	12,705,623
Carrying amounts						
31-Dec-18	P 71,320,076	P 406,705,842	P	P	P 44,252	P 478,070,170
Carrying amounts						
31-Dec-19	P 94,383,000	P	P 153,585	P 510,842,579	P 188,126,592	P 793,505,756

	Sub-total	Transportation Equipment	Laboratory Equipment	Office Equipment and Furniture and fixtures	Other Hospital Equipment	Grand Total
Cost						
1-Jan-19	P 478,070,918	P 3,635,041	P	P 527,290	P 59,949	P482,293,198
Additions	190,477,537		119,868,185	14,870,051	22,827,720	348,043,493
Reclassifications	114,600,000		(114,600,000)	(7,298,100)	7,298,100	
Appraisal	23,062,924					23,062,924
31-Dec-19	806,211,379	3,635,041	5,268,185	8,099,241	30,185,769	853,399,615
Accumulated depreciation						
1-Jan-19	748	247,467		206,370	4,975	459,560
Depreciation	12,704,875	360,466	210,480	1,885,080	1,346,679	16,507,580
Disposals						
31-Dec-19	12,705,623	607,933	210,480	2,091,450	1,351,654	16,967,140
Carrying amounts						
31-Dec-18	P 478,070,170	P 3,387,574	P	P 320,920	P 54,974	P48J,833,638
Carrying amounts						
31-Dec-19	P 793,505,756	P 3,027,108	P 5,057,705	P 6,007,791	P 28,834,115	P836,432,475

2018

	Land	Construction-in- Progress	Medical Equipment	Transportation Equipment	Office Equipment/ Furniture and Fixtures	Other Hospital Equipment	Total
Cost							
1-Jan-18	P 67,722,626	P201,406,390	P	P 1,651,354	P 285,381	P	P271,065,751
Additions	3,597,450	205,299,452	45,000	1,983,687	241,909	59,948	211,227,447
Reclassifications							
Appraisals							
31-Dec-18	71,320,076	406,705,842	45,000	3,635,041	527,290	59,948	482,293,198
Accumulated depreciation							
1-Jan-18				35,000	130,361		215,361
Depreciation			748	162,467	76,009	4,975	244,199
Disposals							
31-Dec-18			748	247,467	206,370	4,975	459,560
Carrying amounts							
31-Dec-17	P 67,722,626	P201,406,390	P	P 1,566,354	P 155,020	P	P270,850,390
Carrying amounts							
31-Dec-18	P 71,320,076	P406,705,842	P 44,252	P 3,387,575	P 320,920	P 54,974	P481,831,638

The Company bought a parcels of land consisting of 7,797 sq. m. with TCT No. 122-2015-000303 and TCT No. 122-2018000738 situated at Brgy. 78, Marasbaras, Tacloban, Leyte. The hospital building was constructed in this lot. The land together with all the buildings and improvements were used as collateral in the bank loan (Note 16). Land are stated at revalued amount based on the valuation performed by an independent appraisers on March 31, 2019. The fair value was determined by reference to market transactions on an arm's length term at the date of valuation.

The total carrying value of the land, land improvements and hospital building used as collateral for the loan amounted to P647,720,016, P605,379,164 and P71,320,076 as at December 31, 2020, 2019 and 2018. (Note 16)

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of P247,888,886 and P228,026,203 as at December 31, 2020, and 2019 were used as collateral for a loan. (Note 16)

Transportation equipment with a carrying value of P2,666,642, P3,027,108 and P3,387,574 as at December 31, 2020, 2019 and 2018 were used as collateral for a loan. (Note 16)

The construction of the hospital building was completed on March 2019.

The value of the parcels of land was arrived using a combination of cost and market (or direct sales comparison) approach. Cost approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. Market data approach is an appraisal technique in which the market value estimate is predicted based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (pricewise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. Revaluation surplus recognized in Other Comprehensive Income (Loss) amounted to P23,062,924 in 2019.

Management has reviewed the carrying values of property and equipment as at December 31, 2020, 2019, 2018 for any impairment. Based on the result of its evaluation, there are no indications that these assets are impaired.

NOTE 12 - INTANGIBLE ASSET - net

This account pertains to the hospital information system used by the Company in its operation.

A reconciliation of the carrying amounts at the beginning and end of year 2020, 2019 and 2018 is shown below:

		<u>2020</u>	<u>2019</u>	<u>2018</u>
Cost				
Balance, beginning of the year	P	250,000	P 250,000	
Additions		326,786		250,000
Disposal				
Balance, end of the year		<u>576,786</u>	<u>250,000</u>	<u>250,000</u>
Accumulated Amortization				
Balance, beginning of the year		25,000		
Amortization		115,357	25,000	
Disposal				
Balance at end of year		<u>140,357</u>	<u>25,000</u>	<u></u>
Carrying amount	P	<u>436,429</u>	<u>225,000</u>	<u>250,000</u>

NOTE 13 - OTHER NON CURRENT ASSETS

This account pertains to miscellaneous deposit to P7,000 as of December 31, 2020, 2019 and 2018.

NOTE 14 - TRADE AND OTHER PAYABLES

This account consists of:

		<u>2020</u>	<u>2019</u>	<u>2018</u>
Trade payable	P	39,495,786	P 70,241,898	P
Retention payable		29,114,482	32,819,302	27,140,308
Accrued expense		26,162,821	7,847,652	4,419,627
Payable to government		1,214,214	659,083	434,998
Others		<u>220,813</u>	<u>326,915</u>	<u>12,554,714</u>
	P	<u>96,208,116</u>	<u>111,894,850</u>	<u>P 44,549,647</u>

Details of accrued expenses are shown below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest	P 22,362,848	7,847,652	4,419,627
Professional fees	1,033,975		
Utilities	953,332		
Security services	762,907		
Housekeeping services	503,304		
Rental	481,150		
Internet, cable & communication	63,305		
	P 26,162,821	P 7,847,652	P 4,419,627

Trade payable pertain to unpaid balance on the progress billings of contractors and payable to suppliers on purchases of medical/hospital equipment and supplies. These are non-interest bearing and has a term of 30 to 60 days.

Retention payable pertains to the amount withheld or retain by the Company on the construction contract, this is payable upon completion of the project and acceptance of the Company of the workmanship of the contractor.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 15 - RESERVATION DEPOSIT

Reservation deposits pertains to the cash received from potential investor or third party as reservation for future subscription once the Company received its secondary license, these are refundable once transaction is not materialized.

The Company's application for secondary license was approved in 2019, (Note 1) hence these reservation fee were applied to the investors corresponding investments.

NOTE 16- LOANSPAYABLE

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current	P 62,308,506	P 79,250,118	P 15,133,934
Non-current	550,780,464	540,780,464	406,473,464
Total	P 613,088,970	P 620,030,582	P 421,607,398

First loan

The first loan is payable in ten (10) years inclusive of three (3) - year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% to 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a 10-storey tertiary Hospital Building which is located in Brgy. 78, Marasbaras, Tacloban City. The loan was collateralized by a Real Estate Mortgage (REM)

with TCTNos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc.

The total carrying value of the land, land improvements and hospital building used as collateral for the loan amounted to P647,720,016, P605,379,164 and P71,320,076 as at December 31, 2020, 2019 and 2018. (Note 11)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2020, the Company is in compliance with the terms of its loan agreement.

Second loan

The second loan is payable in seven (7) years inclusive of a one (1) - year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% to 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of medical equipment, hospital furniture and fixtures. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2020, the Company is in compliance with the terms of its loan agreement.

Third loan

The third loan is payable in seven (7) years inclusive of a one (1) -year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 5% - 7% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of additional hospital equipment, hospital furniture and fixtures. The loan was collateralized by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2020, the Company is in compliance with the terms of its loan agreement.

Fourth loan

The fourth loan is payable in five (5) years inclusive of a one (1) -year grace period on the principal repayment. The principal is payable in twenty four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 4.5%-5% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the permanent working capital for the acquisition of the hospital/medical supplies and inventory build-up for medicine and laboratory supplies. The loan was collateralized by a Real Estate Mortgage (REM) with TCTNos.T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2020, the Company is in compliance with the terms of its loan agreement.

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of P247,888,886 and P228,026,203 as at December 31, 2020 and 2019, respectively were used as collateral for the second, third and fourth term loan. (Note 10)

Metropolitan Trust Banking Corporation (MBTC)

In 2017, the Company availed a loan from MBTC for the purchase of transportation equipment payable in thirty-five (35) monthly installments at an interest rate of 8.9% per annum with monthly amortization of P41,424.

In 2018, the Company availed additional loan from MBTC for the purchase of additional transportation equipment payable in thirty-five (35) monthly installments at an interest rate of 8.9% per annum with monthly amortization of P37,847.

Both loans are covered by a chattel mortgage on the aforementioned transportation equipment with a carrying value of P2,666,642, P3,027,108 and P3,387,574 as at December 31, 2020, 2019 and 2018, respectively. (Note 11)

Movement of loans payable is as follows:

	2020	2019	2018
Beginning balance	P 620,030,582	P 421,607,398	P 181,044,032
Proceeds	10,000,000	198,423,184	240,563,366
Payments	(16,941,612)		
Ending balance	P 613,088,970	P 620,030,582	P 421,607,398

Total interest incurred from these loans are presented as follows:

	2020	2019	2018
Capitalize as part of hospital building	P 42,140,285	P 20,996,842	P 15,206,832
Under finance cost in the statements of comprehensive income	42,140,285	20,795,107	697,858
	P 42,140,285	P 41,791,949	P 15,904,690

The Company was granted deferred payment of unpaid interest from its First and Second Loan under the "Bayanihan to Recovery As One Act", unpaid interest from January 2020 to September 2020 were deferred and is payable in 13 equal monthly installments starting on December 2020.

NOTE 17 - EQUITY

Capital Stock

The details of the Company's authorized, issued and outstanding capital as of December 31, 2020, 2019 and 2018 are as follows:

	31-Dec-2020		31-Dec-2019		31-Dec-2018	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - P1,000 par value	1'239,400,000	239,400	1'239,400,000	239,400	1'239,400,000	239,400
Founder's shares - P1,000 par value	600,000	600	600,000	600	600,000	600
	240,000,000	240,000	240,000,000	240,000	240,000,000	240,000
Subscribed:						
Common shares - P1,000 par value	195,530,000	195,530	195,530,000	195,530	191,400,000	191,400
Founder's shares - P1,000 par value	600,000	600	600,000	600	600,000	600
	196,130,000	196,130	196,130,000	196,130	192,000,000	192,000
Less: Subscription receivable						
Common shares - P1,000 par value	(46,670,000)	(46,670)	(54,000,000)	(54,000)	(54,000,000)	(54,000)
Issued and outstanding	149,460,000	149,460	142,130,000	142,130	138,000,000	138,000

A reconciliation of the outstanding shares at the beginning and end of 2020, 2019 and 2018 is shown below:

	2020	2019	2018
Outstanding, beginning	142,130	138,000	120,000
Issuance	7,330	4,130	18,000
Reacquisition			
Outstanding, ending	149,460	142,130	138,000

Founders' shares have the exclusive right to vote and be voted for the election of Directors for five (5) years from the date of registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares.

In 2019, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of 228,000 common shares. Said registration statement was approved on June 28, 2019, in accordance with the provisions of the SEC's Securities Regulation Code. (See Note 1)

As at December 31, 2019, the Company issued through public offering **Four thousand one hundred thirty (4,130)** common shares. The related share premium arising from this sale, amounted to P71,495,642. Total share premium paid as of December 31, 2019 amounted to P71,495,642.

As at December 31, 2020, the Company issued through public offering additional **Seven thousand three hundred thirty (7,330)** common shares. The related share premium arising from this sale, amounted to P1 52,581,708. Total share premium paid as at December 31, 2020 amounted to P224,077,350.

As at December 31, 2020, the Company has fifty (50) shareholders owning one hundred (100) and more shares of the Company's capital stock.

Revaluation Surplus

This account pertains to the cumulative revaluation gains on Land.

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	<u>P 16,144,047</u>	P _____
Fair value gains		23,062,924
Tax expense		<u>(6,918,877)</u>
Other comprehensive income after tax		<u>16,144,047</u>
Balance at end of year	<u>P 16,144,047</u>	<u>P 16,144,047</u>

NOTE 18 - REVENUES

Details of the Company's revenues are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Hospital fees, net			
Hospital fees	P 162,233,231	P 48,727,691	
Less: Hospital Discounts	(11,489,959}	(3,144,0962	
	<u>150,743,272</u>	<u>45,583,595</u>	
Sale of drugs and medicines, net			
Sale of drugs and medicines	51,575,148	20,017,780	
Less: Sales Discounts	(4,910,587}	U,892,3472	
	<u>462664,561</u>	<u>18,125,433</u>	
	<u>P 197,407,831</u>	<u>P 63,709,028</u>	<u>P _____</u>

Hospitals discounts and sales discounts are discount extended to for the benefits of senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders spouse and dependents based on the company prospectus.

Breakdown of hospital fees are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Pulmonary Center Services	P 40,138,745	p 9,996,745	
Clinical Lab	34,804,603		
CSR	31,991,080	5,471,785	
Imaging	21,813,029	20,485,963	
Room and board	21,166,959	9,004,655	
Cardiology	11,769,018	3,719,956	
Ancillary income	403,517		
Linen and laundry	146,280	48,587	
	<u>P 162,233,231</u>	<u>P 48,121,621</u>	

NOTE 19- COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows :

	2020	2019	2018
Materials	P 77,146,476	P 3,886,691	
Salaries and wages	43,311,366	17,801,836	
Depreciation	36,244,370	14,244,968	
Professional fees	11,389,764	4,145,090	
Utilities	8,990,569	4,554,944	
SSS/PHIC/HDMF contributions	3,493,303	1,972,374	
Dietary	7,524,111		
Equipment Rentals	2,193,005	1,953,761	
Housekeeping and room supplies	2,037,639	1,310,665	
Service fees	884,007	385,781	
	P 193,214,610	P 50,256,110	

NOTE 20- OPERATING EXPENSES

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

	2020	2019	2018
Salaries and wages	P 12,160,673	P 15,244,945	P 1,518,364
Depreciation	6,556,548	2,262,612	244,199
Outside services	3,123,621	1,979,603	72,924
Meeting and conferences	3,010,500	2,625,401	2,226,300
Security services	2,749,978	1,532,966	198,211
Credit losses	1,996,038		
Office supplies	1,853,703	932,302	84,191
Utilities	1,668,397	727,619	328,593
Repairs and maintenance	1,360,381	554,175	
SSS/PHIC/HDMF contributions	986,375	628,803	
Bank service charge	885,535	224,750	
Transportation and travel	839,936	2,504,888	1,600,827
Advertising/promotion/marketing	818,055	136,495	
Insurance	796,827	2,653,471	463,286
Professional fee	502,978	491,869	908,675
Fuel oil and lubricants	433,711		
Employee benefits	277,638		
Taxes and licenses	120,597	3,634,656	2,524,691
Amortization	115,357	25,000	
Uniforms	85,760	211,225	384,363
Training and development	74,034	296,250	74,682
Fines and penalties	68,109	566,481	
Representation and entertainment	10,983	147,994	
Rentals			180,000
Miscellaneous	551,489	769,485	197,475
	P 41,047,223	P 38,150,990	P 11,006,781

NOTE 21 - OTHER INCOME

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

	2020	2019	2018
Income from cafeteria	P 3,641,382	:P 1,570,143	
Interest income	10,777	16,985	16,287
Miscellaneous income	156,923	44,251	
	p 3,809,082	P 1,631,379	16 287

NOTE 22 - RELATED PARTY TRANSACTIONS

The Company's related parties include its affiliate s, shareholders and the Company's key manage ment personnel as described below.

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

2020		Amount	Outstanding	Terms	Conditions
Nature of Relationship	Nature of Transaction	(current transaction)	balance		
Advances from Major Shareholders	Payment	P(77,374,736)	P 5,861,043	(6)	(7)
Loans receivable- ACE Medical Center- Pateros, Inc.	Collection (Principal and Interest)	P(8,003,641)	Pl,570,984	(3)	(7)
Loans receivable- ACE Medical Center- Quezon City	Collection (Principa J and Interest)	P(4,034,570)	P2,368,500	(3)	(7)
2019		Amount	Outstanding	Terms	Conditions
Nature of Relationship	Nature of Transaction	(current transaction)	balance		
Advances from Major Shareholders	Payment	P(22,280,480)	1 83,235,779	(6)	(7)
Loans receivable- ACE Medical Center- Pateros, Inc.	Collection (Principal and Interest)	l'(30,425,375)	f9,574,625	(3)	(7)
Loans receivable- ACE Medical Center- Quezon Ci	Collection (Principal and Interest)	f(13,596,930)	l' 6,403,070	(3)	(7)

2018					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 38,965,778	₱ 105,516,259	(6)	(7)
Loans receivable- ACE Medical Center- Pateros, Inc.	Loans		40,000,000	(3)	(7)
Loans receivable- ACE Medical Center- Quezon City, Inc.	Loans		₱ 20,000,000	(3)	(7)

Terms and Conditions:

- (1) Interest bearing, collectible in cash in 3-months
- (2) Collectible in cash and on demand
- (3) Interest bearing, collectible in cash
- (4) Payable in cash and on demand
- (5) Secured by acceptable real or personal property
- (6) Non-interest bearing, no scheduled repayment terms
- (7) Unsecured

Loans Receivable (Note 8)

The Company extended loans to ACE Medical Center - Pateros, Inc. and ACE Medical Center - Quezon, Inc. amounting to ₱0,000,000 and ₱0,000,000, respectively with a 5.25% interest rate per annum. These loans are payable until 2021.

Interest earned from this loan receivable amounted to ₱682,144, ₱1,179,326 and ₱3,150,000 for the year ended December 31, 2020, 2019 and 2018, respectively, and were offset against the capitalized borrowings costs. (Note 12)

Cash Advances

The Company obtains cash advances from shareholders to finance the on-going construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Key Management Personnel Compensations

No compensation was paid to key management personnel for the years ended December 31, 2020, 2019 and 2018 except for the per diem and transportation allowance per meeting per Board Resolution dated August 8, 2015. (Note 20)

NOTE 23 - INCOME TAXES

Income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018 consists of:

	2020	2019	2018
Current	P 159,831	P 491,027	P
Deferred	(22,696,859)	(491,207)	
	P (22,537,028)	r	r

Reconciliation between statutory tax and effective tax follows:

	2020	2019	2018
Income tax at statutory rate	P (22,555,562)	r (13,158,540)	r (3,506,506)
Tax effect of income subject to final tax	(3,233)	(5,095)	(4,885)
Tax effect of non-deductible interest expense	1,334	2,103	2,016
Tax effect of non-deductible interest expense	20,433	13,944	
Tax effect of unrecognized deferred tax assets on NOLCO		13,147,588	3,509,375
Income tax expense	P (22,537,028)	r	r

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

	2020	2019	2018
Loss before tax	'P (75,185,205)	r (43,861,800)	r (11,688,352)
Permanent differences:			
Interest income	(10,777)	(16,985)	(16,287)
Interest arbitrage	4,446	7,006	6,718
Non-deductible fines and penalties	68,109	46,481	
Unrecognized NOLCO		(43,825,298)	(11,697,921)
Temporary differences:			
Credit losses	1,996,038		
Taxable loss	(73,127,389)		
Tax rate	30%	30%	30%
	21,938,217		

Minimum Corporate Income Tax:

Taxable gross income	7,991,526	24,551,351	
Tax rate	2%	2%	2%
	159,831	491,027	
Tax due (Higher of RCIT or MCIT)	159,831	491,027	
Less: Tax credits			
Creditable taxes	(936,531)		
Income tax payable (prepaid income tax)	P (776,700)	491,027	

Details of DTA and DTL follows:

	<u>2020</u>	<u>2019</u>
DTA:		
DTA arising from MCIT	P 159,831	
DTA arising from NOLCO	21,938,217	
DTA arising from credit losses	598,811	
DTL:		
DTL arising from revaluation gains on land	(6,918,877}	(6,918,877}
	<u>P 15,777,982</u>	<u>P (6,918,877)</u>

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 which the taxable loss can be charged against taxable income within the next five taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income are summarized below:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
31-Dec-2020	2025	P 73,127,389	P	I'	I' 73,127,389
31-Dec-2019	2022	43,825,298			43,825,298
31-Dec-2018	2021	11,697,921			11,697,921
31-Dec-2017	2020	7,132,878		7,132,878	
		<u>T' 135,783,486</u>	<u>T'</u>	<u>T' 7,132,878</u>	<u>f' 128,650,608</u>

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

<u>Date Incurred</u>	<u>Date of Expiration</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
31-Dec-2020	2023	P 159,831	P	I'	I' 159,831
31-Dec-2019	2022	491,027			491,027
		<u>I' 650,858</u>	<u>I'</u>	<u>P</u>	<u>I' 650,858</u>

NOTE 24- LEASE AGREEMENT

The Company entered into a lease agreement with Equilife Medical Equipment, Supplies and Services Inc. ("Lessor") for the use of medical equipment on a per day and monthly basis depending on the need of the hospital.

The Company has elected not to recognize a lease liability for short-term leases with variable payments. Payments made under such leases are expensed on a straight -line basis. Lease payments recognized as Equipment Rentals under Cost of Sales and Services in Statements of Comprehensive Income amounted to P2,193,005 and P1,953,761 in 2020 and 2019, respectively. (Note 19)

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash and receivables to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2020, 2019 and 2018 based on contractual undiscounted payment.

December 31, 2020			
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 94,993,904	p 881,248,743	P 94,993,904
Loans payable	66,047,016		947,295,759
Advances from shareholders	<u>5,861,043</u>		<u>5,861,043</u>
	P 166,901,963	P 881,248,743	P 1,048,150,706
December 31 2019			
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 111,235,767	p	P 111,235,767
Loans payable	84,005,125	800,355,087	884,360,212
Advances from shareholders	<u>83,235,779</u>		<u>83,235,779</u>
	P 278,476,671	P 800,355,087	P 1,018,831,758
December 31 2018			
	Within 1 Year	Above 1 Year	Total

Trade and other payables	p	44,114,649	p	44,114,649
Reservation deposit		10,400,000		10,400,000
Notes payable		15,133,934	406,473,464	421,607,398
Advances from shareholders		105,516,259		105,516,259
	P	175,164,842	f	406,473,464
				<u>581,638,306</u>

**Trade and other payables excludes government statutory payables amounting to P1,214,214, ₱661,335 and ₱434,998 for 2020, 2019 and 2018, respectively.*

Market Risks

Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to f 613,088 ,970, f620,030,582 and f421,607,398 as of December 31, 2020, 2019 and 2018, respectively, which are subject to interest rate repricing. (See Note 14)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2020	2019	2018
+1%	P (6,130,890)	f (3,465,851)	f (116,310)
-1%	6,130,890	3,465,851	116,310

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2020, 2019 and 2018.

Credit Quality per Class of Financial Asset

December 31, 2020						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 3,479,564	IL-	IL-	IL-	IL-	₱ 3,479,564
Trade and other receivables	493,743	9,030,152		16,100,492	1,996,038	27,620,425
Loans receivable	3,939,484					329,392,484
	<u>₱ 7,912,791</u>	<u>₱ 9,030,152</u>	<u>IL-</u>	<u>111,611,001,492</u>	<u>111,996,038</u>	<u>₱ 35,039,473</u>

December 31, 2019						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 19,706,691	IL-	P-	IL-	IL-	₱ 19,706,691
Trade and other receivables		56,518,029				56,518,029
Loans receivable	15,977,695					15,977,695
	<u>₱ 35,684,386</u>	<u>₱ 56,518,029</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>₱ 92,202,415</u>

December 31, 2018						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 22,356,668	P--	IL-	IL-	IL-	₱ 22,356,668
Trade and other receivables		45,647,665				45,647,665
Loans receivable	60,000,000					60,000,000
	<u>₱ 82,356,668</u>	<u>₱ 45,647,665</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>₱ 128,004,333</u>

Details of past due accounts but not impaired is as follows:

December 31, 2020					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	₱ 3,948,123	₱ 3,627,540	₱ 2,654,083	₱ 5,870,746	₱ 16,100,492

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	2020	2019	2018
Cash in banks	₱ 3,479,564	₱ 19,706,691	₱ 22,356,668
Trade and other receivables	27,620,425	56,518,029	45,647,665
Loans receivable	3,939,484	15,977,695	60,000,000
	<u>₱ 35,039,473</u>	<u>₱ 92,202,415</u>	<u>₱ 128,004,333</u>

Cash excludes cash on hand amounting to ₱2,826,911, ₱2,115,453 and ₱0,000 in December 31, 2020, 2019 and 2018.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and advances to contractors as described below.

(a) *Cash*

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of PS00,000 for every depositor per banking institution.

(b) *Trade and other receivables*

Trade Receivables

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

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

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

On that basis, the loss allowance as at December 31, 2020 was determined based on months past due, as follows for trade receivables:

	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	<u>2%</u>	<u>5%</u>	<u>7%</u>	<u>10%</u>	<u>15%</u>	
Trade receivables	₱ <u>9,214,440</u>	₱ <u>4,155,919</u>	₱ <u>3,900,580</u>	₱ <u>2,948,982</u>	₱ <u>6,906,761</u>	₱ <u>27,126,682</u>
Loss allowance	₱ <u>184,289</u>	₱ <u>207,796</u>	₱ <u>273,041</u>	₱ <u>294,898</u>	₱ <u>1,036,014</u>	₱ <u>1,996,038</u>

A reconciliation of the closing loss allowance for trade receivables as at December 31, 2020 is presented below:

	<u>2020</u>
Balance, January 1	
Expected credit loss	1,996,038
Write-off of receivables	
Balance, December 31	<u>1,996,038</u>

Other Receivables

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

(c) *Loans receivables*

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

Capital Management

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

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

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

	2020	2019	2018
Liabilities	P 715,158,129	r 822,0&0,o&s	P 582,073,304
Equity	<u>273,287,050</u>	<u>166,023,519</u>	<u>118,410,730</u>
Debt-to-Equity Ratio	<u>2.62:1</u>	<u>4.95:1</u>	<u>4.92:1</u>

The Company is not subjected to externally imposed capital requirements.

NOTE 26 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2020, 2019 and 2018:

		December 31, 2020			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	f! 3,479,564	¥-	¥ 3,479,564	II-
Trade and other receivables	8	25,624,387		25,624,387	
Loans receivable	12	3,939,484		3,939,484	
		<u>f! 33,043,435</u>	<u>f!-</u>	<u>f! 33,043,435</u>	<u>f!-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	14	II 94,993,904	II-	¥ 94,993,904	f!-
Loans payable	16	613,088,970		613,088,970	
Advances from shareholders	22	5,861,043		5,861,043	
		<u>f! 713,943,917</u>	<u>II-</u>	<u>f! 713,943,917</u>	<u>II-</u>
		December 31, 2019			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	P 19,706,691	P-	P 19,706,691	f!-

		December 31, 2019			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets {Level 1}	Significant observable inputs {Level 2}	Significant unobservable inputs {Level 3}
Trade and other receivables	8	9,696,415		9,696,415	
Loans receivable	12	15,977,695		15,977,695	
		P 45,380,801	fl-	fl 45,380,8015	P--
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	14	P. 52,462,481	P--	P. 52,462,481	P--
Loans payable	16	620,030,582		620,030,582	
Advances from shareholders	22	83,235,779		83,235,779	
		P.755,728,842	P--	P755,728,842	P--
December 31, 2018 { Audited)					
Fair Value					
	Note	Carrying Amount	Quoted prices in active markets (Level 12)	Significant observable inputs (Level 22)	Significant unobservable inputs (Level 32)
Assets for which fair values are disclosed:					
Cash in banks	6	fl 22,356,668	P.-	fl 22,356,668	fl-
Trade and other receivables	8	3,476,946		3,476,946	
Loans receivable	12	60,000,000		60,000,000	
		p 85,833,614	P-	p. 85,833,614	P--
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P 44,549,647	P--	P 44,549,647	P--
Loans payable	16	421,607,398		421,607,398	
Advances from shareholders	22	105,516,259		105,516,259	
		fl571,673,304	P--	fl571,673,304	P--

*Trade and other payables excludes government statutory payables amounting to P1,216,466, ₱661,335 and ₱434,998 for 2020, 2019 and 2018, respectively.

NOTE 27 - EFFECT OF COVID-19

In December 2019, novel strain of corona virus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared the outbreak as a ' public health emergency of international concern.' COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by the implementation of an enhanced community quarantine and social distancing measures and restrictions within the island of Luzon area, with other cities and provinces in the country enacting similar measures thereafter.

Tacloban was one of the major cities that enforced GCQ and controlled its borders for vehicles and people from Samar and nearby municipalities in the outskirts of Tacloban. Because of this, admission census at ACEMC-Tacloban decreased dramatically at an approximately 10-23 average percentage. Outpatient census as well as other census from various ancillaries have decreased. This was contributed mainly because of the enforcement of GCQ where border points are strictly monitored, there was limited movement to and from Tacloban as well as within Tacloban. Transportation was compromised, establishments and stores are closed, and thus no work was imposed for almost a month to major industrial and commercial companies.

As the Inter Agency Task Force (IATF) finalized its protocols, more and more Triage protocols have been put in place across all hospitals. During this time, only patients with severe conditions

have been allowed to enter Tacloban for hospitalization. There was also a social stigma on the spread of COVID-19 surrounding all areas, making people feel afraid of going to hospitals for Outpatient services. This contributed to sudden decrease in hospital census in general and was felt by almost all hospitals in Tacloban and in nearby cities. Because of this, a steady low census was observed for the entire 2nd Quarter contributing to sudden drop in the hospital revenue.

Moreover, the hospital also incurred an increase in expense during this quarter due to stocking consumables and supplies prior to lockdown, in-house utility expense as well as consumables for employees and staff and the enforcement of hazard pay to nurses and other paramedical staff.

As the battle against the spread of COVID-19 unravels, measures on monitoring and tracking system have been put in place—people starts to resume skeletal work. Movements to and from the city starts to loose n and people could now enter the City with minimum requirements as to: Medical Certificate, Travel Pass, Work Quarantine Pass and Safe City QR Code. Borders starts to allow more and more vehicles and people in the city allowing more patients to visit hospitals for medical services. Because of this, a gradual increase in census for inpatients as well for outpatients. The census also increased for all medical ancillaries thus contributing to gradual increase in the hospital revenue for 3rd and 4th Quarter in 2020.

The increase in revenue was also contributed due to availability of COVID-19 screening and confirmatory test such as: Rapid Antibody Test (RAT), Antigen (Ag) Test, and RT-PPCR (partnership with Eastern Visayas Regional Medical Center). There was also a decrease in expense due to increase in donations of consumables from suppliers, companies, private entities and DOH.

The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results. The full effect of the pandemic to the Company's operations cannot be ascertain at this time. Accordingly, their impact was not reflected in the Company's financial statements as of and for the year ended December 31, 2020.

NOTE 28 - CREATE LAW

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

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

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

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

	<i>Amount reflected on the 2020FS</i>	<i>Amount computed based on RA 11534</i>	<i>Impact Increase/(Decrease)</i>
1. Current tax expense	159,831	119,873	(39,958)

2. Deferred tax expense	(22,696,859)	(20,779,056)	(1,917,803)
3. Net loss	(52,648,177)	(54,526,022)	1,877,845
4. Prepaid income tax	776,700	816,658	39,958
5. Deferred tax asset	15,777,982	13,860,179	(1,917,803)
6. Equity	273,287,050	271,409,205	(1,877,845)

NOTE 29 - CORRECTION OF ERROR

The following are the noted errors in the Company's financial statements as at December 31, 2019:

- A. Error in recognition of professional fees receivable from PHIC and HMO
- B. Incorrect application of collections on loans receivable resulting to error in the computation of interests earned from loans receivable
- C. Failure to accrue interest expense
- D. Payment for liabilities were erroneously recognized as additional fixed assets and operating expenses
- E. Under recognition of revenue and other income
- F. Failure to recognize rebates from suppliers
- G. Penalties were erroneously recorded as part of advances for liquidation instead of expense
- H. Failure to record liquidation of advances

These errors were corrected by restating each of the financial statement line items for the prior period as follows:

Error Reference	Increase (Decrease)						EmiliY
	<u>Cash</u>	<u>Trade and other receivables</u>	<u>Loans Receivable</u>	<u>Other current assets</u>	<u>Property and equipment</u>	<u>Trade and other payables</u>	
A		(6,073,353)				(6,073,353)	
B		(3,027,429)	977,695				(2,049,734)
C						3,428,025	(3,428,025)
D					(468,135)	(1,413,692)	945,557
E	20,426	264,536				52,797	493,866
F							500,000
G				(520,000)			(520,000)
H		(196,830.00)					(196,830)

Error Reference	Increase (Decrease)						Loss for the
	<u>Revenues</u>	<u>Cost of Sales and Services</u>	<u>Gross Income</u>	<u>Operating Expenses</u>	<u>Other Income</u>	<u>Finance Cost</u>	
A							
B					(2,049,734)		2,049,734
C						3,428,025	3,428,025
D				(945,557)			(945,557)
E	232,165		232,165		261,701		(493,866)
F		(500,000)					(500,000)
G				520,000			520,000
H				196,830.00			196,830.00

**NOTE 30 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF
INTERNAL REVENUE**

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT and Input VAT

	<u>Tax Base</u>	<u>Amount</u>
Vatable sales	₱ 4,620,960	P 554,515
Exempt sales	183,900,614	
	P <u>188,521,574</u>	P <u>554,515</u>

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(a) Input VAT

Balance at beginning of year	
Goods other than capitals goods	7,310,371
Capital goods subject to amortization	
Services lodged under other accounts	431,047
Applied against output VAT	<u>(554,515)</u>
	<u>7,186,903</u>

(b) Taxes and Licenses for 2020

Taxes and licenses for 2020 consist of:

	<u>Amount</u>
Business pennits	86,862
Documentary stamp tax	24,000
Real property tax	1,660
Annual Registration	500
Miscellaneous	<u>7,575</u>
	P <u>120,597</u>

The amounts of taxes and licenses shown above are included under the general and administrative expenses in the statements of comprehensive income (loss).

(c) Withholding Taxes for 2020

Withholding taxes paid and accrued during the year is as follows:

	<u>Amount</u>
Compensation and employee benefits	p 203,663
Expanded	<u>4,740 575</u>
	<u>4,944,238</u>

(d) Tax Assessments and Cases

The Company has no pending examination with the Bureau of Internal Revenue as of reporting period.

(e) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

Current Ratio

	2020		2019		2018
Total current assets	73,948,224	p	151,439,132	p	218,393,396
Total current liabilities	164,377,665		274,380,747		175,599,840
Current ratio	0.45:1		0.552:1		1.244:1

Quick Ratio

	2020		2019		2018
Total liquid asset	p 35,909,307	p	47,515,641	p	85,863,614
Total current liabilities	164,377,665		274,380,747		175,599,840
Quick ratio	0.218:1		0.173:1		0.489:1

Working Capital to Total Asset

	2020		2019		2018
Working capital	p (90,429,441)	p	(122,941,615)	p	42,793,556
Total liabilities	715,158,129		822,080,088		582,073,304
Working capital ratio	-0.126:1		-0.15:1		0.074:1

Solvency Ratio

	2020		2019		2018
Net income (loss) after tax +	p (9,731,903)	p	(27,329,220)	I'	(11,444,153)
Depreciation and amortization					
Total liabilities	715,158,129		822,080,088		582,073,304
Solvency ratio	-0.014:1		-0.033:1		-0.02:1

Debt-to-equity Ratio

	2020		2019		2018
Total liabilities	p 715,158,129	p	822,080,088	p	582,073,304
Total equity	273,287,050		166,023,519		118,410,730
Debt-to-equity ratio	2.617:1		4.952:1		4.916:1

Asset-to-equity Ratio

	2020		2019		2018
Total assets	p 988,445,179	p	988,103,607	p	700,484,034
Total equity	273,287,050		166,023,519		118,410,730
Asset to equity ratio	3.617:1		5.952:1		5.916:1

Interest Rate Coverage Ratio

		2020		2019		2018
Pre-tax profit (loss) before interest	P	(33,044,920)	p	(23,066,693)	p	(10,990,494)
Interest		41,047,223		20,795,107		697,858
Interest rate ratio		-0.805:1		-1.109:1		-15.749:1

Profitability Ratios

		2020		2019		2018
Net profit (loss) after tax	P	(52,648,177)	p	(43,861,800)	p	(11,688,352)
Total equity		273,287,050		166,023,519		118,410,730
		-0.193:1		-0.264:1		-0.099:1

a.) Return on asset ratio

		2020		2019		2018
Net income (loss) after tax	p	(52,648,177)	P	(2,791,813)	p	(421,422)
Average assets		988,274,393		844,293,821		558,164,769
		-0.053:1		-0.003:1		-0.001:1

b.) Return on equity ratio

		2020		2019		2018
Net profit (loss) after tax	P	(52,648,177)	p	(2,791,813)	p	(421,422)
Average equity		219,655,285		142,217,125		115,254,906
		-0.24:1		-0.02:1		-0.004:1

c.) Gross Profit Margin Ratio

		2020		2019		2018
Net profit (loss) before tax	P	(75,185,205)	p	(43,861,800)	p	(11,688,352)
Gross profit		4,193,221		13,452,918		
		-17.93:1		-3.26:1		N/A

d.) Net Profit Margin

		2020		2019		2018
Net profit (loss) after tax	P	(52,648,177)	p	(43,861,800)	p	(11,688,352)
Revenue		197,407,831		63,709,028		
		-0.267:1		-0.688:1		N/A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
As of December 31, 2020

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - TACLOBAN, INC.
Barangay 78, Marasbaras, Tacloban City, Leyte

Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning of the year		<u>(1'63,746,170)1</u>
Add: Net loss actually earned/realized during the period		(52,648,177)
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture		
• Unrealized foreign exchange gain - (after tax except those		
• Fair value adjustment (mark-to-market gains)		
• Fair value adjustment of Investment Property resulting to gain		
• Adjustment due to deviation from PFRS-gain		
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	_____	
Sub-total	_____	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)		
• Adjustment due to deviation from PFRS/GAAP - loss		
• Loss on fair value adjustment of investment property (after tax)	_____	
Sub-total	_____	
Net loss actually earned during the period		(52,648,177)
Add (Less):		
• Dividend declarations during the period		
• Appropriations of Retained Earnings during the period		
• Reversals of appropriations		
• Effects of prior period adjustments		
• Treasury Shares	_____	
Sub-total	_____	_____
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		<u>P- nil -</u>

Schedule A. Financial Assets

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Eastwest Bank	P 1,030,127	P 1,030,127	P 1,041
Banco de Oro	989,655	989,655	183
Metro Bank	872,121	872,121	9,048
Land Bank of the Philippines	490,683	490,683	-
Bank of the Philippine Islands	109,043	109,043	-
China Bank	27,935	27,935	505
	P 3,519,564	P 3,519,564	P 10,777
Loans Receivables			
ACEMC-Pateros	P 1,570,984	P 1,570,984	P 360,502
ACEMC-Quczon	2,368,500	2,368,500	321,642
	P 3,939,484	P 3,939,484	P 682,144

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end Of Period
ACEMC-Pateros	P8,000,000	-	P(6,429,016)	-	P1,570,984	-	P1,570,984
ACEMC-Quczon	P7,000,000	-	P(4,631,500)	-	P2,368,500	-	P2,368,500

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
NA	NA	NA	NA	NA	NA	NA	NA

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
Hospital Infonnation Svstem	P250,000	P326,786	(Pl 15,357)	(P25,000)	.	P436,429

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Bank Loans	P613,088,970	P62,308,506	P550,780,464

Schedule F. Indebtedness to Related Parties (Current)

Name ofrelated party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	PS,861,043	PS,861,043

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-TACLOBAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and Employees	Others (iii)
Founders' Common Preferred	600 239,400 -	600 148,860 .	- - -	- - -	300 74,430 -	- - -
Total	240,000	149,460	-	-	74,730	-