



# ASIA PACIFIC MEDICAL CENTER ILOILO

(Formerly: Allied Care Experts Medical Center-Iloilo, Inc.)

Brgy. Ungka 1, Jaro, Iloilo City, Philippines 5000

## MANAGEMENT REPORT AS OF 30 JUNE 2022

### A. DESCRIPTION OF BUSINESS

Asia Pacific Medical Center Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center - Iloilo Inc.), (hereinafter "APMCI" or The Company) is an ordinary corporation duly organized under the existing laws of the Republic of the Philippines and granted corporate existence by the Securities and Exchange Commission on 10 December 2014.

The company 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.

To support the construction of its first project, the company applied for a secondary license for the issuance of securities. It was issued its Permit to Offer Securities on 27 December thru SEC MSRD Order No. 37 Series of 2018.

As of 15 August 2022, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by Company is 98.90%.

It is the mission of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center - Iloilo, Inc.) to set up a Tertiary Health Care facility with an organized, systematic, cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders.

Initially, the company upon construction will operate as a Secondary Hospital. After which, it will secure accreditation for residency training of its Doctors and accomplish its purpose of setting up a Tertiary Hospital. It will operate a complete and world-class facility, manned by medical specialists who are competent and fully qualified in their line of work, and have equally efficient well motivated employees and management staff.

Asia Pacific Medical Center - Iloilo Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) will be a 9-storey 253 bed capacity hospital with helipad and one (1) basement parking area (108 parking slots), with total floor area of 25,086 sq.m. constructed in a 6,000 sq.m. property located at Barangay Ungka, Jaro, Iloilo City. It will provide services to residents of Jaro, Iloilo City, nearby Barangays and Municipalities, the whole of Iloilo and the neighboring provinces which are considered its catchment areas. The company will be a multi-disciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The issuer belongs to the industry which caters to the need of the public and medical specialists for hospital facilities. There are no recognized trends within such industry. The geographic area of competition is in Iloilo City wherein the following Hospitals are operating:

NAME OF HOSPITAL	ADDRESS	BED CAPACITY	CATEGORY	LEVEL CLASSIFICATION
Iloilo Doctor's Hospital	Infante St., Molo, Iloilo City	300	Private	3
Iloilo Mission Hospital	Mission Road, Jaro, Iloilo City	261	Private	3
Medicus Medical Center Iloilo	Dr. Rizalina Bernardo Avenue, San Rafael Mandurriao, Iloilo City	150	Private	2
Metro Iloilo Hospital and Medical Center, Inc	Metropolis Avenue, Brgy. Tagbak Jaro, Iloilo City	110	Private	2
Qualimed Hospital	DonatoPison Avenue, San Rafael Mandurriao, Iloilo City	100	Private	2
St Paul's Hospital	General Luna St., Brgy. Danao, Iloilo City	265	Private	3
The Medical City Iloilo	Locsin St., Molo, Iloilo City	108	Private	2
West Visayas State University Medical Center	E. Lopez St., Jaro, Iloilo City	300	Public	3
Western Visayas Medical Center	Q. Abeto St., Mandurriao, Iloilo City	400	Public	3
Holy Mary Women & Children's Hospital	Felix Gorriceta Avenue, Brgy. Balabag, Pavia, Iloilo	60	Private	2

The strategic location of the company primarily influences the decision of the medical specialists to subscribe to the shares of stock in the company. Once the Doctor decides where to practice, price and quality of facility management come as the next factors. Good location, proximity to patients, reasonableness of the offer price and quality of the facilities enable the company to effectively compete with its competitors within the area.

The company is primarily owned and managed by doctor specialists who have established medical practice in the locality. This unique set up is a strong strategic factor of the hospital since each doctor-owner has established patient following in their respective fields. Furthermore, the roster of local medical practitioners who have signified their commitment to the hospital is very significant.

The company places itself as a center for Clinical Competence and Patient Safety. Among its flagship plans, will be the creation of a High-Risk Pregnancy and Women's Health center, Male and Female Fertility Center, Health and Aesthetic Centre, Regenerative Medicine and among other services, the hospital is preparing to build a Cardiac Cath laboratory and Rehabilitation Center, an Eye Center and Oncology Center.

The hospital will also work on an international accreditation with an ISO-International Organization for Standardization which is a worldwide federation of national standard bodies and Joint Commission International, standards of which properly define the performance, expectations, structures and functions of a hospital which seeks accreditation. Its major thrust is on the delivery of quality healthcare and patient safety.

The hospital will also offer both preventive and medical treatment packages at a very competitive cost, if not lesser than the nearby hospital facilities, without compromising the quality of healthcare service it delivers to its patients. The hospital will also make sure that by following the policies of the Credentials and Privileging Committee, the medical staff of the company is clinically competent and certified specialists.

## Suppliers and Major Contractors

The main contractor of the hospital is Dakay Construction and Development Corporation which is based in Cebu City. Some of the other major suppliers for this project are as follows:

1. Cab Construction Services - Drywall Partition and Ceiling
2. CAA Masonry Works - Masonry Plastering and Tile works
3. Crossworld Construction Supply - Aluminium External Cladding
4. Synchronized Solution Inc. -Auxiliary and Electrical (5<sup>th</sup> to 8<sup>th</sup> Floor)
5. Balderas Engineering & Technology Services - Electrical (Basement 9<sup>th</sup> to 10<sup>th</sup> Floor)
6. Pesco Airconditioning and Engineering Services - Electrical (Ground to 4<sup>th</sup> Floor)
7. Citigas Inc. - Medical Gases Pipelines
8. Endure Medical Inc. - Medical Equipment
9. JRDM Builders Corp. - Airconditioning/Hepa Filters
10. Thai Phil Services Ltd, Inc. - Airconditioning
11. Ultrade Phil Service Corp - Plumbing, Fire Protection and Fresh Air
12. R. Turno Glass & Alum Service - Glass works
13. Puricare Industrial Enterprises - R.O. System
14. International Elevator & , Inc. - Elevators
15. Ladadios Builder: Inc. - Joinery, Retrofitting, RMD, Vinyl & Doors
16. WindAsia Corporation-BMS

## TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

The company has entered into a Memorandum of Agreement for the granting of discounts to its stockholders with the following hospitals:

1. Allied Care Experts Medical Center - Bacolod, Inc.
2. Allied Care Experts Medical Center - Baliwag, Inc.
3. Allied Care Experts Medical Center - Bayawan, Inc.
4. Allied Care Experts Medical Center - Baypointe, Inc.
5. Allied Care Experts Medical Center - Bohol, Inc.
6. Allied Care Experts Medical Center - Butuan, Inc.
7. Allied Care Experts Medical Center - Cagayan de Oro, Inc.
8. Allied Care Experts Medical Center- Cebu, Inc.
9. Allied Care Experts Medical Center - Dipolog, Inc.
10. Allied Care Experts Dumaguete Doctors, Inc.
11. Allied Care Experts Medical Center - General Santos, Inc.
12. Allied Care Experts Medical Center - Legazpi, Inc.
13. Allied Care Experts Medical Center - Mandaluyong, Inc.
14. Allied Care Experts Medical Center- Palawan, Inc.
15. Allied Care Experts (ACE) Medical Center - Pateros, Inc.
16. Allied Care Experts (ACE) Medical Center- Quezon, Inc.
17. Allied Care Experts (ACE) Medical Center- Tacloban, Inc.
18. Allied Care Experts (ACE) Medical Center-Valenzuela, Inc.
19. Asia Pacific Medical Center-Aklan, Inc.

The availment of the discounts and other privileges is subject to the internal policy of the aforementioned hospitals without prejudice to the financial position of the referral hospital.

Other related transactions are discussed in page 38 of the Interim Financial Statement as of and ending on 30 June 2021.

The company is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the company's financial performance.

## B. SECURITIES OF THE REGISTRANT

### Market Price

The Company markets and offers the securities through organic employees who are well versed with Hospital operations. The shares are not traded in the exchange but sold over-the-counter hence trading could be sporadic. Management believes that the strategic location of the Hospital, the facilities and the services it will provide, and the people behind the Hospital, are sufficient to entice medical specialists and prospective investors to consider the offer. The Company greatly relies on these organic employees and satisfied patients to spread the word about the facilities the Hospital can offer.

Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase relative to the completion of the Hospital and its facilities, the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The breakdown of the Offer Price is presented as follows:

Series of Common Shares	Number of Blocks	Maximum Proposed Selling Price per block
1 <sup>st</sup>	2,600 blocks	P250, 000 per block
2 <sup>nd</sup>	500 blocks	P300, 000 per block
3 <sup>rd</sup>	500 blocks	P400, 000 per block

The first Two Thousand Six Hundred (2,600) blocks had all been sold at the price of Php 250,000.00 per block. The second series of 500 blocks were fully subscribed in September 2020. Twenty One Blocks of the third series were sold at PhP400,000 per block as of 31 July 2022. The offered shares are not listed in the Exchange and are issued over the counter only through the Company's employees, acting as sales persons as reflected in its Registration Statement. The percentage of public ownership of the Company as of 31 July 2022 is 13.27%.

The 3,600 blocks that were offered to the public are sold primarily to Medical Specialists who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the Credentials Committee and approved by the Board and Management of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center- Iloilo, Inc.). Other purchasers are non-medical specialists who are related to medical specialists and those who purchased the shares purely for investment purposes.

### HOLDERS

There are approximately 35 holders of Founder Shares and approximately 2750 holders of common shares of the company as of 31 July 2022.

The Top 20 Stockholders as of 31 July 2022 are as follows:

STOCKHOLDERS	NATIONALITY	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
1. BIRON, FERJENEL G.	FILIPINO	COMMON FOUNDER 46322 240	19.80%
2. BIRON, BRANDT LUKE Q.	FILIPINO	COMMON FOUNDER 21890 10	9.31%
3. BIRON, BRAEDEN JOHN Q.	FILIPINO	COMMON FOUNDER 21140 10	8.99%

4. BIRON, BRYANT PAUL	FILIPINO	COMMON FOUNDER	21140 10	8.99%
5. SAMORO, FREDILYN G.	FILIPINO	COMMON FOUNDER	6874 20	2.93%
6. RAMIREZ, RUBEN B.	FILIPINO	COMMON FOUNDER	5930 20	2.53%
7. LAVALLE, AMADO JR.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
8. REGOZO, DANILO C.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
9. VILLAFLO, AGNES JEAN M.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
10. LAVILLA MERIDE D.	FILIPINO	COMMON FOUNDER	3728 10	1.59%
11. COMUELO, JERUSHA	FILIPINO	COMMON FOUNDER	3452 10	1.47%
12. ONG, MAY FLOR G.	FILIPINO	COMMON FOUNDER	3452 10	1.47%
13. SAMORO, RONNIE Z.	FILIPINO	COMMON FOUNDER	3452 10	1.47%
14. DOMINGO, CARMELO JR.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
15. GONZALES, NOEL G.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
16. MINERVA, IKE T.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
17. PEREZ, MA. GRACE G.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
18. DIANCO, FELIBERT O.	FILIPINO	COMMON FOUNDER	3370 10	1.44%
19. GOMEZ, LUSYL M.	FILIPINO	COMMON FOUNDER	3360 10	1.433%
20. DAULO, SYLVA L.	FILIPINO	COMMON FOUNDER	3350 10	1.429%

The company is not yet operating its hospital hence there is no unrestricted retained earnings that could be used for dividends.

There is no recent sale of unregistered or exempt securities as all of the Two Hundred Forty Thousand Shares (240,000), of the Company are registered securities.

## C. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) or PLAN OF OPERATION AS OF 30 JUNE 2022

### PLAN OF OPERATION

The company has no revenue in the past four fiscal years because it is still in the construction phase. The original plan to operate the hospital in the first half of 2021 was not materialized because of continuing impact of the pandemic to the corporation. The administrative operations continue with employees put on alternative work arrangements but not a single employee was dismissed. There were construction and engineering modifications done in the existing building to provide more ideal services to future COVID patients. Diagnostic imaging equipment are now installed. The construction have slowed down but never totally stopped. Completion of the building is set on the third quarter of this year and operation of the hospital is planned to start in the last quarter of 2022. The construction team is mostly on the architectural design finishing phase.

The term loan facility applied with Asia United Bank (AUB) in 2021 to refinance the remaining construction of the hospital and to acquire the remaining equipment needed for the start of the commercial operation of the hospital was deferred until the hospital starts to operate. To furnish the cash requirements, the company also entered into a Related Party Loan Transaction with Phil Pharmawealth. In June 2022, the company sought other sources of possible financing to help complete the hospital construction. Security Bank Philippines has met with the APMCI Executive Committee and the final documentary requirements have been submitted for review and approval of the bank. Selling of the remaining publicly offered securities, which to date values at One Hundred Ninety One Million Six Hundred Thousand Pesos (Php 191,600,000.00) is prioritized to augment the administrative and general expenditures of the hospital once it commences operation this year.

The administrative staff is in the process of obtaining the necessary registrations, licenses and permits for the license to operate.

As of the moment and the next twelve months, there is no plan for any product research and development by the company.

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment for the Dialysis unit, ( Portable Dialysis Machine, Water Treatment), Shockwave Therapy Machines 2D Echo machines, ECG machines, Treadmill Machine, EMG machine, Eye Centre equipment ( 532 Argon Laser Tuscan, Chaco Machine) , Endoscopy unit, Ambulance, CPAP, Autoclaves, Crash Carts, Dental Chairs and Instruments, Pulse Dosimeters, Trolleys, Gene/OB Delivery Sets, Weighing scales, Dressing Trays, Other Surgical Instruments, and Refrigerators. Other Rehab equipment are also yet to be purchased.

At present, the company has fifty three (53) employees, mostly administrative and construction staff. When the initial hospital's License to operate a 100 bed capacity is granted, the company will be employing a total of three hundred twelve (312) employees when it commences its operation. Once the hospital's capacity increase to 200 beds, about five hundred seventeen (517) direct and indirect labor force shall be employed by the corporation.

### RESULT OF OPERATIONS

	As of the 6-Month Period Ending	
	June 30, 2022	June 30, 2021
	-	
Revenue	0	0
Direct Cost	0	0
Gross Profit	0	0
Other Income	5,961	20,421
Gross Income	5,961	20,421
General and Admin Expenses	9,329,987	8,861,013
Loss From Operations	(9,324,026)	(8,840,592)
Finance Cost	12,204,638	4,718,067
Net Loss Before Income Tax	(21,528,664)	(13,558,660)
Income Tax Expense	0	0
Net Loss for The Year	(21,528,664)	(13,558,660)

MANAGEMENT REPORT

Other Comprehensive Income/(Loss) for the Year	0	0
<b>Total Comprehensive Loss for the Year</b>	<b>(21,528,664)</b>	<b>(13,558,660)</b>
<b>TOTAL RESOURCES</b>	<b>1,990,560,362</b>	<b>1,826,864,851</b>

	For the Years Ended		
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Revenue	0	0	0
Direct Cost	0	0	0
Gross Profit	0	0	0
Other Income	5,961	107,317	97,953
Gross Income	5,961	107,317	97,953
General and Admin Expenses	9,329,987	29,646,352	25,904,499
Loss From Operations	(9,324,026)	(29,539,035)	(25,806,546)
Finance Cost	12,204,638	13,830,175	11,456,490
Net Loss Before Income Tax	(21,528,664)	(43,369,210)	(37,263,036)
Income Tax Expense	0	0	0
Net Loss for The Year	(21,528,664)	(43,369,210)	(37,263,036)
Other Comprehensive Income/(Loss) for the Year	0	0	0
<b>Total Comprehensive Loss for the Year</b>	<b>(21,528,664)</b>	<b>(43,369,210)</b>	<b>(37,263,036)</b>
<b>TOTAL RESOURCES</b>	<b>1,895,984,598</b>	<b>1,747,456,180</b>	<b>1,488,628,779</b>

The hospital is still under construction. As of end of June 2022, hospital construction completion rate is at 98.80%. The hospital is expected to finish second half of 2022 and operation is expected to commence on the fourth quarter of the year.

#### STATEMENT OF FINANCIAL CONDITION

<u>ASSETS</u>	June 30, 2022	Dec. 31, 2021	Dec. 31, 2020
<b>CURRENT ASSETS</b>			
Cash	10,426,929	14,514,332	48,022,046
Receivables - Others	3,094,704	3,237,553	140,652
Advances to Related Party	35,595,773	35,595,773	32,063,203
Advances to Contractors	51,819,953	55,086,837	46,605,879
Advances to Suppliers	1,551,654	6,671,744	7,022,271
Unused Office Supplies	46,410	0	0
Prepayments	1,187,802	326,013	213,858
	103,723,225	115,432,252	134,067,909
<b>NON-CURRENT ASSETS</b>			
Property and Equipment (net)	425,544,283	417,804,618	412,944,976
Construction in Progress	1,456,277,683	1,357,724,224	1,215,428,067

Intangible Asset (net)	0	8,333	0
Other Non-Current Assets	5,015,171	5,015,171	5,015,228
	1,886,837,137	1,780,552,346	1,633,388,271
<b>TOTAL ASSETS</b>	<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>1,767,456,180</b>

<b>LIABILITY AND EQUITY</b>	<b>June 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Other Liabilities	102,592,432	87,252,859	96,662,087
Income Tax Payable	0	0	228
Accounts Payable - PTP	4,865,000	0	0
Loans Payable to Related party	158,834,969	108,834,969	0
Loans Payable to Individuals	20,576,700	23,000,000	30,343,471
Notes Payable - Current Portion	17,527,802	35,055,603	19,393,250
	304,396,903	254,143,431	146,399,036
<b>NON-CURRENT LIABILITIES</b>			
Notes Payable - net of Current Portion	852,045,387	826,262,841	856,996,830
<b>TOTAL LIABILITIES</b>	<b>1,156,442,290</b>	<b>1,080,406,272</b>	<b>1,003,395,866</b>
<b>EQUITY</b>			
Share Capital	235,210,000	235,060,000	221,234,000
Share Premium (net)	766,085,029	726,166,619	653,467,980
Deficit	(167,176,957)	(145,648,293)	(110,641,666)
	834,118,072	815,578,326	764,060,314
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>1,767,456,180</b>

### **MATERIAL CHANGES IN FINANCIAL CONDITION**

#### **June 30, 2022**

#### **December 31, 2021**

#### **December 31, 2020**

#### Cash and Cash Equivalent

Hospital construction is almost done, completion rate now is 98.80%. Comparing balances from each of these periods, it can be noted that cash balance is always maintained low. This is because company resources, especially cash, is used to finance the construction of the hospital building.

#### Advances to Related Party

The amount advanced to Endure Medical Trading increased by P3.5M due to the purchase of additional medical equipment. These machines and equipment are still with the Endure for storage, thus, recording it as advances and not part of the property & equipment of the company yet.

This was advanced to Endure Medical Trading, a related party account, who acts as indenter for the company for hospital and medical equipment.

#### Other Receivables and Advances

MANAGEMENT REPORT



There is not much changes and movement on the advances and recivables account except for the advances to suppliers. This account normally change, going up or down, dependent on the transactions of the company. The company would sometimes have to give down payments as required by suppliers for some materials which would be collected against their billings once fully delivered.

Unused Office Supplies

We have used Office Supplies account to take up supplies and materials purchased for the office in preparation for the hospital opening.

Prepayments

These are mostly insurance prepaid by the company for the hospital and some equipment. It may be noted that year end baances are lower as compared to mid-year figure, this is because the incusurance is purchased bet 1<sup>st</sup> and 2<sup>nd</sup> quarter, thus, at yeara end, amortization of the prepayments is almost ending which of course is showing smaller balances.

Property and Equipment (net)

June 2021 balance increase by almost P8.0M due to the acquisition of additional office and medical equipment.

Hospital and medical equipment acquired and stored at hospital premises are recorded as part of the property account. Nat balances for 2021 and 2020 are P417.8M and P412.9M, respectively.

Construction-In-Progress (CIP)

In June 2022, additional P98.0M was spent for the construction of the building. This is 7.54% higher than December 2021's total.

In 2021, total CIP increased tp P1.358B which is P143.0M higer than the previous year.

CIP Account ending balance in 2020 amounts to P 1.215B. This includes expenses that are necessary in the construction of the hospital building.

Intangible Asset

P8,333.00was amortized this January, thus as of June 2022, Tangible Assets reflect 0 balance.

P50.0K one time cost for zero accounting system was paid in 2021. This was amortized for 1ear. Toatal amount amortized as of Dec. 2021 is 41,667.00

Other Non-Current Assets

Other non-current assets include P5.0M deposit for MORE POWER Electric Company and P15.0K rental deposits. The remaining amount represent deferred taxes.

Accounts Payable and Other Liabilities

Accounts Payable incude retention payables, accrued interest / expenses payables, governmental obligations such as SSS, PhilHealth, and HDMF contributions, and other payables to suppliers and contractors.

Accounts Payable - PTP

Privilege to practice (PTP) are collected from investor-doctors who intends to practice at the hospital when it opens. This was collected and recognized during this

year and it now stands at P4.865M.

#### Income Tax Payable

P228.00 income tax payable was recognized at year end 2020, this was paid the following year.

#### Loans Payable to Related Party

The company sought the assistance of PhilPharmawealth, Inc. (PPI) to dispose its maturing obligations and up coming payables. PPI is related transaction because of its affiliation with the APMCI Chairman. At the end of 2021, account balance is at P108.8M. In June 2022, it increased by P50.0M to make a balance of P158.8M.

#### Loans Payable to Individuals

Loans payable to individuals are those loans that were extended by the founders to the company to augment its needs. The loans are non-interest bearing and payment or liquidation of the same are subject to availability of funds. The account now stands at P20.6M.

#### Notes Payable

Outstanding loans of the company is P869.6M. Total loans received from LBP is P902.2M. Total payments already made by the company now totals P32.6M.

Loan balance in 2021 decreased by about P15.0 M

Loans received from LBP now has a total of P876.4M.

#### Share Capital

Share capital of the company is recorded as follows: Dec. 2020 = P221.2M + additional issuance worth P13.8M = P235.06M (Dec. 2021) and additional issuance of 150 shares (P150.0K) for June 2022. Outstanding share capital as of end of June 2022 is P235.21M.

#### Share Premium (net)

Net share premiums recorded on sale of security via IPO are as follows:

June 2022	P766,085,029	Increased by P39.9M from Dec 2021
Dec 2021	P726,166,619	Increased by P72.2M from Dec 2020
Dec 2020	P653,467,980	

#### Deficit

The company is still not operating because the hospital is still under construction. It is expected that the hospital will be finished the second half of this year and eventually operate before the year ends. The deficits there are reflected in the financial statements of the company is due to the administrative and general expenses incurred by the company. As of June 2022, the company already recorded a total of P167.2M deficit. It is expected that this will be reversed and regularized once the company opens for business.

## MANAGEMENT'S DISCUSSION and ANALYSIS

### 5-Year COMPARATIVE RESULTS OF OPERATIONS

RESULTS OF OPERATIONS					
	June 30, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Revenue	0	0	0	0	0
Direct Cost	0	0	0	0	0
Gross Profit	0	0	0	0	0
Other Income	5,961	22,133	107,317	97,953	137,975
Gross Income	5,961	22,133	107,317	97,953	137,975
General and Admin Expenses	9,329,987	19,051,323	29,646,352	25,904,499	18,944,150
Loss From Operations	(9,324,026)	(19,029,190)	(29,539,035)	(25,806,546)	(18,806,175)
Finance Cost	12,204,638	15,977,437	13,830,175	11,456,490	0
Net Loss Before Income Tax	(21,528,664)	(35,006,627)	(43,369,210)	(37,263,036)	(18,806,175)
Income Tax Expense	0	0	0	0	0
Net Loss for The Year	(21,528,664)	(35,006,627)	(43,369,210)	(37,263,036)	(18,806,175)
Other Comprehensive Income/(Loss) for the Year	0	0	0	0	0
<b>Total Comprehensive Loss for the Year</b>	<b>(21,528,664)</b>	<b>(35,006,627)</b>	<b>(43,369,210)</b>	<b>(37,263,036)</b>	<b>(18,806,175)</b>
<b>TOTAL RESOURCES</b>	<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>1,747,456,180</b>	<b>1,488,628,779</b>	<b>1,059,181,296</b>

**Net Comprehensive Loss.** The company is in the construction stage of the hospital. It is not yet operational. Rate of completion as of June 30, 2022 is 98.80%, and expected to be complete this second half of the year. Given its non-operation, the company has been reflecting negative balances (deficits) all because there still are administrative and general expenses that it incurs.

Given that, all **administrative and general expenses** incurred by the company pile up and add to the deficit (see table below). As at December 31, 2018, the deficit recorded was 18.8M. In 2019 it was P37.3M. Years 2020 and 2021 reflected additional deficits of P43.37M and 35.01M, respectively. For June 2022, the current balance of the reported loss is at P21,528,664.

**Finance Costs** are interests on the loans granted by Land Bank of the Philippines to the company. There were no finance costs reported for 2018. These costs started only 2019 which on that year amounted to P11.5M. In 2020, total finance cost were at P13.8M, P16.0M in 2021 and for the 6-month period ending June 30, 2022, Finance Costs recorded was P12.204M.

	June 30, 2022	Dec. 31, 2021	Difference	Rate Change	Dec. 31, 2020	Difference	Rate Change
Salaries and Allowances	5,520,710	10,114,250	(4,593,540)	-45.42%	10,607,015	(492,765)	-4.65%
Board Meetings and Meals	849,305	2,361,231	(1,511,926)	-64.03%	9,960,373	(7,599,142)	-76.29%
Professional Fees and Legal Fees	753,503	1,803,246	(1,049,743)	-58.21%	2,299,496	(496,250)	-21.58%
Security Services	725,994	1,848,089	(1,122,095)	-60.72%	1,625,740	222,349	13.68%
Taxes and Licences	354,774	207,982	146,792	70.58%	1,350,661	(1,142,679)	-84.60%
Insurance Expense	0	144,642	(144,642)	-100.00%	777,807	(633,165)	-81.40%
Utilities	0	136,494	(136,494)	-100.00%	760,656	(624,162)	-82.06%
SSS, PHIC, and HDMF Contributions	319,691	600,173	(280,482)	-46.73%	516,045	84,128	16.30%
Depreciation	303,203	502,103	(198,900)	-39.61%	422,949	79,154	18.71%
Amortization of Intangible Asset	8,333	41,667	(33,334)	-80.00%	0	41,667	0.00%
Transportation and Travel	21,039	40,182	(19,143)	-47.64%	374,228	(334,046)	-89.26%
Postage and Communication Expenses	64,633	0	64,633	0.00%	0	0	0.00%
Trainings and Seminars	123,214	288,095	(164,881)	-57.23%	27,255	260,840	957.04%
Web Hosting and Computer Software/Hardware E	116,624	0	116,624	0.00%	0	0	0.00%
Rentals	0	50,151	(50,151)	-100.00%	316,000	(265,849)	-84.13%
Office Supplies	98,260	393,884	(295,624)	-75.05%	262,158	131,726	50.25%
Advetising Expenses	55,000	51,414	3,586	6.97%	249,143	(197,729)	-79.36%
Repairs and Maintenance	11,319	0	11,319	0.00%	0	0	0.00%
Bank Service Charges	3,450	0	3,450	0.00%	0	0	0.00%
Miscellaneous	935	467,720	(466,785)	-99.80%	96,826	370,894	383.05%
<b>TOTALS</b>	<b>9,329,987</b>	<b>19,051,323</b>	<b>(9,721,336)</b>	<b>-51.03%</b>	<b>29,646,352</b>	<b>(10,595,029)</b>	<b>-35.74%</b>

  

	June 30, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Salaries and Allowances	5,520,710	10,114,250	10,607,015	9,990,330	3,486,660
Board Meetings and Meals	849,305	2,361,231	9,960,373	1,815,312	2,359,644
Professional Fees and Legal Fees	753,503	1,803,246	2,299,496	5,561,460	6,035,067
Security Services	725,994	1,848,089	1,625,740	1,081,964	0
Taxes and Licences	354,774	207,982	1,350,661	1,775,777	2,560,748
Insurance Expense	0	144,642	777,807	715,015	181,292
Utilities	0	136,494	760,656	528,286	191,902
SSS, PHIC, and HDMF Contributions	319,691	600,173	516,045	333,792	268,769
Depreciation	303,203	502,103	422,949	305,461	135,788
Amortization of Intangible Asset	8,333	41,667	0	0	0
Transportation and Travel	21,039	40,182	374,228	1,025,919	1,123,206
Postage and Communication Expenses	64,633	0	0	0	0
Trainings and Seminars	123,214	288,095	27,255	0	0
Web Hosting and Computer Software/Hardware E	116,624	0	0	0	0
Rentals	0	50,151	316,000	1,725,859	1,004,550
Office Supplies	98,260	393,884	262,158	439,014	115,019
Advetising Expenses	55,000	51,414	249,143	0	247,183
Unrealized FOREX Los	0	0	0	179,510	0
Repairs and Maintenance	11,319	0	0	0	0
Bank Service Charges	3,450	0	0	0	0
Miscellaneous	935	467,720	96,826	426,800	1,234,322
<b>TOTALS</b>	<b>9,329,987</b>	<b>19,051,323</b>	<b>29,646,352</b>	<b>25,904,499</b>	<b>18,944,150</b>

## 5-Year COMPARATIVE STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>		<b>June 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>Dec. 31, 2018</b>
<b>CURRENT ASSETS</b>						
Cash		10,426,929	14,514,332	48,022,046	15,371,215	58,109,015
Receivables - Others		3,094,704	3,237,553	140,652	167,922	29,440,523
Advances to Related Party		35,595,773	35,595,773	32,063,203	289,039,039	250,327,056
Advances to Contractors		51,819,953	55,086,837	46,605,879	30,955,691	0
Advances to Suppliers		1,551,654	6,671,744	7,022,271	3,515,904	0
Unused Office Supplies		46,410	0	0	0	0
Loans Receivable		0	0	0	0	37,000,000
Prepayments		1,187,802	326,013	213,858	192,306	222,407
		<b>103,723,225</b>	<b>115,432,252</b>	<b>134,067,909</b>	<b>339,242,077</b>	<b>375,099,001</b>
<b>NON-CURRENT ASSETS</b>						
Property and Equipment (net)		425,544,283	417,804,618	412,944,976	155,918,076	96,593,069
Construction-In-Progress		1,456,277,683	1,357,724,224	1,215,428,067	993,243,626	587,474,226
Intangible Asset (net)		0	8,333	0	0	0
Other Non-Current Assets		5,015,171	5,015,171	5,015,228	225,000	15,000
		<b>1,886,837,137</b>	<b>1,780,552,346</b>	<b>1,633,388,271</b>	<b>1,149,386,702</b>	<b>684,082,295</b>
<b>TOTAL ASSETS</b>		<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>1,767,456,180</b>	<b>1,488,628,779</b>	<b>1,059,181,296</b>
<b>LIABILITY AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable and Other Liabilities		102,592,432	87,252,859	96,662,087	67,510,071	27,916,808
Income Tax Payable		0	0	228	0	0
Accounts Payable - PTP		4,865,000	0	0	0	0
Loans Payable to Related party		158,834,969	108,834,969	0	0	0
Loans Payable to Individuals		20,576,700	23,000,000	30,343,471	75,250,000	75,250,000
Notes Payable - Current Portion		17,527,802	35,055,603	19,393,250	17,970,720	16,064,148
		<b>304,396,903</b>	<b>254,143,431</b>	<b>146,399,036</b>	<b>160,730,791</b>	<b>119,230,956</b>
<b>NON-CURRENT LIABILITIES</b>						
Notes Payable - net of Current Portion		852,045,387	826,262,841	856,996,830	739,241,760	488,085,852
Advances from Shareholders		0	0	0	260,878,684	340,873,908
		<b>852,045,387</b>	<b>826,262,841</b>	<b>856,996,830</b>	<b>1,000,120,444</b>	<b>828,959,760</b>
<b>TOTAL LIABILITIES</b>		<b>1,156,442,290</b>	<b>1,080,406,272</b>	<b>1,003,395,866</b>	<b>1,160,851,235</b>	<b>948,190,716</b>
<b>EQUITY</b>						
Share Capital		235,210,000	235,060,000	221,234,000	168,150,000	141,000,000
Share Premium (net)		766,085,029	726,166,619	653,467,980	226,900,000	0
Deficit		<b>(167,176,957)</b>	<b>(145,648,293)</b>	<b>(110,641,666)</b>	<b>(67,272,456)</b>	<b>(30,009,420)</b>
		<b>834,118,072</b>	<b>815,578,326</b>	<b>764,060,314</b>	<b>327,777,544</b>	<b>110,990,580</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>1,767,456,180</b>	<b>1,488,628,779</b>	<b>1,059,181,296</b>

<b>ASSETS</b>		<b>June 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>Difference</b>	<b>Rate Change</b>	<b>Dec. 31, 2020</b>	<b>Difference</b>	<b>Rate Change</b>
<b>CURRENT ASSETS</b>								
Cash		10,426,929	14,514,332	(4,087,403)	-28.16%	48,022,046	(33,507,714)	-69.78%
Receivables - Others		3,094,704	3,237,553	(142,849)	-4.41%	140,652	3,096,901	2201.82%
Advances to Related Party		35,595,773	35,595,773	0	0.00%	32,063,203	3,532,570	11.02%
Advances to Contractors		51,819,953	55,086,837	(3,266,884)	-5.93%	46,605,879	8,480,958	18.20%
Advances to Suppliers		1,551,654	6,671,744	(5,120,090)	-76.74%	7,022,271	(350,527)	-4.99%
Unused Office Supplies		46,410	0	46,410	0.00%	0	0	0.00%
Prepayments		1,187,802	326,013	861,789	264.34%	213,858	112,155	52.44%
		103,723,225	115,432,252	(11,709,027)	-10.14%	134,067,909	(18,635,657)	-13.90%
<b>NON-CURRENT ASSETS</b>								
Property and Equipment (net)		425,544,283	417,804,618	7,739,665	1.85%	412,944,976	4,859,642	1.18%
Construction-In-Progress		1,456,277,683	1,357,724,224	98,553,459	7.26%	1,215,428,067	142,296,157	11.71%
Intangible Asset (net)		0	8,333	(8,333)	-100.00%	0	8,333	0.00%
Other Non-Current Assets		5,015,171	5,015,171	0	0.00%	5,015,228	(57)	0.00%
		1,886,837,137	1,780,552,346	106,284,791	5.97%	1,633,388,271	147,164,075	9.01%
<b>TOTAL ASSETS</b>		<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>94,575,764</b>	<b>4.99%</b>	<b>1,767,456,180</b>	<b>128,528,418</b>	<b>7.27%</b>
<b>LIABILITY AND EQUITY</b>		<b>June 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>Difference</b>	<b>Rate Change</b>	<b>Dec. 31, 2020</b>	<b>Difference</b>	<b>Rate Change</b>
<b>CURRENT LIABILITIES</b>								
Accounts Payable and Other Liabilities		102,592,432	87,252,859	15,339,573	17.58%	96,662,087	(9,409,228)	-9.73%
Income Tax Payable		0	0	0	#DIV/0!	228	(228)	-100.00%
Accounts Payable - PTP		4,865,000	0	4,865,000	#DIV/0!	0	0	0.00%
Loans Payable to Related party		158,834,969	108,834,969	50,000,000	45.94%	0	108,834,969	0.00%
Loans Payable to Individuals		20,576,700	23,000,000	(2,423,300)	-10.54%	30,343,471	(7,343,471)	-24.20%
Notes Payable - Current Portion		17,527,802	35,055,603	(17,527,801)	-50.00%	19,393,250	15,662,353	80.76%
		304,396,903	254,143,431	50,253,472	19.77%	146,399,036	0	0.00%
<b>NON-CURRENT LIABILITIES</b>								
Notes Payable - net of Current Portion		852,045,387	826,262,841	25,782,546	3.12%	856,996,830	(30,733,989)	-3.59%
<b>TOTAL LIABILITIES</b>		<b>1,156,442,290</b>	<b>1,080,406,272</b>	<b>76,036,018</b>	<b>7.04%</b>	<b>1,003,395,866</b>	<b>(30,733,989)</b>	<b>-3.06%</b>
<b>EQUITY</b>								
Share Capital		235,210,000	235,060,000	150,000	0.06%	221,234,000	13,826,000	6.25%
Share Premium (net)		766,085,029	726,166,619	39,918,410	5.50%	653,467,980	72,698,639	11.13%
Deficit		(167,176,957)	(145,648,293)	(21,528,664)	14.78%	(110,641,666)	(35,006,627)	31.64%
		834,118,072	815,578,326	18,539,746	2.27%	764,060,314	51,518,012	6.74%
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,990,560,362</b>	<b>1,895,984,598</b>	<b>94,575,764</b>	<b>4.99%</b>	<b>1,767,456,180</b>	<b>20,784,023</b>	<b>1.18%</b>

## ASSETS

### Cash and Cash Equivalents

The priority of using cash has always been directed to the construction as payments for obligations or procurement of certain machine. That is the very reason why cash balances, especially during these last 3 years, have been a little low. We are hoping for a better figure once the hospital starts operating.

### Unused Supplies

The account was set up in preparation for the opening of the hospital.

### Receivables and Advances

Advances made in favor of the contractors and suppliers were taken up to recognize down payments made by the company. In 2018, given that the amount were not that material yet, these were included as part of the accounts receivable account. However, starting 2019 when hospital construction progressed further, these amounts of receivables also increased, thus, these were taken up separately under separate titles. These advances starting 2019 accounted for 10.17% (P34.4M), 2020 for 40.0% (P53.6M) and P64.99M in 2021. In June 2022 Total advances were recorded at P56.47M

### Advances to Related Party

This account was set up to reflect the amount advanced to the indentor (Endure) hired by the company to assist in the procurement of various equipment and machineries. In 2017, the company recorded total payments to the indentor amounting to P118.4M. Additional payments were made the next year amounting to P131.9M and still an additional amount in 2019 amounting to P38.7M. Total advances recorded as of Dec. 2019 is P289.0M.

In 2020, a big portion of the equipment and machineries were already transferred to the hospital site in preparation for the supposedly opening that year. A total of P257.0M were slashed out of the advances account and eventually taken us as part of the company assets. Ending balance for 2020 is P32.0M.

In 2021, the company recorded the downpayment to TIPP Plus amounting to P3.5M. 2021 Year-end balance for the account is 64.99M. In June 2022, Related Party transaction totaled, P56.55.

### Prepayments

Recorded in the account are the building and machinery insurances that the company procured to protect its assets. The June 2021 balance represents the remaining balance of the account which is almost midway of the amortization.

### Loans Receivable

In 2017, the company lent P37.0M to ACEMC Butuan. This amount was paid in full in 2019 and was stricken out of the books.

### Property and Equipment (net)

The company purchased office and facility equipment beginning 2016. As of 2017, the balance recorded for the account is P41.0M. It grew to P96.6M in 2018 and eventually P155.9M as of Dec. 2019. In 2020, P257.0M were transferred from advances to related party to the PPE account to take up the delivered portion of the purchased hospital equipment. Net ending balance of the account was P417.8M.

The equipment were transferred to the hospital site in preparation for the opening of the hospital. As at end of June 2022, total PPEs stand at P425.5M.

### Construction in Progress

The hospital construction has been going on since 2016. As at June 30, 2022, the total amount used for the construction of the building is P1.456B. In 2017, year-end total was 308.2M. Additional costs recorded in the next 4 years: P279.3 in 2018; P405.7 in 2019; P222.2M in 2020; and P142.3M in 2021.

### Intangible Assets

We have recorded an intangible asset amounting to P50,000.00 in 2020. This was, however, fully amortized in 2021. The XERO Accounting System temporarily used by the company will eventually be replaced by a custom-made HIS once the hospital opens.

### Other Non-Current Assets

The amount reflected as other non-current assets include the rental deposits made for the IMS office (P15.0K) and the deposits for MORE Power amounting to P5.0M.

## LIABILITIES

### Accounts Payables and Other Liabilities

The accounts payable account is comprised mostly of Retention Payables, Government Liabilities, Accrued Interest, and Other Payables. Balances of these accounts as of June 30, 2022 are as follows:

Retention Payable	46,641,426.00
Accrued Interest Payable	7,408,293.00
Government Liabilities	265,265.00
Other Accounts Payable	48,277,448.00

### Loans Payable to Individuals and Advance from Shareholders

These are voluntary advances from shareholders made at the early part of the construction. The intention is to augment the funds of the company in the early part of the construction given that the license to sell of the company was not yet approved by the SEC. The license was issued 2019, thus, the company started selling the securities. From then on, these advances were gradually liquidated. Year-end 2021, the balance stands at P23.0M and as of June 2022, balance stands at P20.57M.

### Loans Payable to Related Party

In June 2021, the company borrowed money from Phil Pharmawealth, Inc. amounting to P11.83M. Along the way, additional releases were made in favor of the company. As at June 30, 2022, total loans now stand at P158.8M.

### Notes Payable

The company forged a loan agreement with Land Bank of the Philippines for its hospital construction and equipment. Total loan amount would be P1.06B. These loans were released in tranches, at the end of 2017, bank loans totaled P222.78M. Additional loans of P241.37M were released in 2018. In 2019 ending balance of the loan account soared to P757.21M with the release of additional loans of P293.06M during the year. At the end of 2020, loan balance



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was at P876.39M after receiving the year's bank assistance of P119.18M. Outstanding loans in 2021 is P861.3M. As at June 30, 2022 outstanding loans from LBP totals 869.57M

## **EQUITIES**

### Capital Shares

Outstanding capital shares are as follows: 2017 P120.0M, this represents initial shares paid for by the founders of the company. In 2018, additional capital amounting P21.0M were collected. Total at the end of the year stands at P141.0M. In 2019, the SEC approved the license to sell of the company, thus, from then on, the company was able to sell shares of stocks to the public. Total amount added in 2019 was P27.15M while year 2020 added another P53.08M. 2021 year-end balance stands at P235.05M which is equivalent to 235,050 shares sold.

In 2022, additional shares amounting to P150.0K were sold, thus, ending balance as of June 30, 2022 is P235,210,000.00 (235,210 shares).

### Share Premium

Stocks sold at IPO vary in price depending on the tranche from where you bought the shares. The first tranche was sold at P250.0k (26000 shares). The second was sold at P300.0K (5000 shares). And the third is being sold at P400.0K (5000 shares). These shares were sold at a premium. Total premiums recorded out of the IPO sales amount to P766.1 as of end of June 2022.

### Deficit

There has been no operation income recognized since the start because the company is still in the construction stage of the hospital. We have recognized administrative and general expenses since 2016 and these figures already piled up and now present a total deficit of P167.2M.

## **TRENDS, EVENTS and UNCERTAINTIES THAT HAVE HAD OR THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOME**

### **JUNE 30, 2022**

The company is still in the process of constructing the hospital. It cannot be avoided to incur losses due to the current status of construction. However, projections for the hospital are quite brighter when it opens its doors to the public. Rate of completion as of June 2022 is at 98.80%, and barring more delays, construction should finish this 2<sup>nd</sup> half of 2022 and hopefully, operations could start immediately.

There are no known trends that has material impact on the company's liquidity.

There are no events as of this time that will trigger direct or contingent financial obligation that is material to the company. Presently there is no default and acceleration of an obligation.

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

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment for the Dialysis unit, Ophthalmology unit, Endoscopy unit, and ambulance. Source of funds of the yet to be bought equipment will come from the remaining unreleased loan from LBP.

If there is uncertainty that the company faces now, it would be the long term effect of COVID 19. To date, experts cannot predict exactly when this pandemic would end. At present, the pandemic did not only affect to the construction of the building, as a whole, but as well as the resources where the funding of the construction emanates. Sale of securities have been greatly affected because the priorities of the investing public changed. But we are all hopeful that this will turn around for the better. We will explore all possible means and push all the founders to help out in the sale of these remaining securities.

There is no significant element of income loss from operations yet since the hospital is still in the construction phase.

The company has no investments on foreign securities.

## KEY PERFORMANCE INDICATORS

	JUNE		
	June 2022	December 2021	December 2020
<p><b>Liquidity</b></p> <p>a. <b>Quick Ratio</b> – the capacity of the company to cover its short term obligations using only its most liquid assets  <b>[(cash + cash equivalent + AR) / current liabilities]</b></p> <p>The ratios for the quick asset for the 3 periods presented does not necessarily reflect a good number. This, however, is due to the fact that the company is still building its hospital and its resources are being used for this construction.</p> <p>0.33 : 1                      0.45 : 1                      0.91 : 1</p>			
<p>b. <b>Current Ratio</b> – the company’s capacity to meet current obligations out of its liquid assets  <b>(current assets / current liabilities)</b></p> <p>As for now, cash and other current assets are being utilized for the construction of the hospital. That is the reason why the current ratio of the company reflected a not so attractive information. It is expected to be better when the hospital starts its operations.</p> <p>0.34 : 1                      0.45 : 1                      0.91 : 1</p>			

<p><b>Solvency</b></p> <p>a. <b>Debt to Equity Ratio</b> – The indicator of which group of accounts has greater representation in the total resources of the company. (long-term debt / equity)</p> <p>The company's long term debts is fully covered by the company's equities. Based on figures, yes, and it's getting better, given the improvement in the sale of securities via IPO. But for now, these figures were applied to the construction and the equities are also all used up. But this is soon gonna change. The hospital is almost done and would soon be ready to operate. By then, the figures will be better.</p>	1.02 : 1	1.01 : 1	1.12 : 1
<p><b>Profitability</b></p> <p>a. <b>Net Profit Margin</b> – This is the ability of the company to generate surplus for the stockholders. (net income / sales)</p> <p>The company is not yet operational, therefore, net Profit margin cannot be ascertained.</p> <p>b. <b>Return on Equity</b> – This is the ability of the company to generate returns on investments of the stockholders. (net income / stockholder's equity)</p> <p>The company is not yet operational, thus, it is improbable to determine the return to equity as at present time.</p>	0	0	0
<p><b>Leverage</b></p> <p>a. <b>Debt to Total Asset Ratio</b> – The proportion of the total assets financed by creditors. (total debt / total assets)</p> <p>Total company obligations is a little more than 50% of the company's resources. This shows that the company is gaining more asset now given that the construction is almost on the finishing stage. This may sound good but, not totally, because all this debts that were used in the construction of the hospital are still outstanding and which is still to operate, hopefully, this year.</p>	0.58 : 1	0.57 : 1	0.57 : 1

<p>b. <b>Asset to Equity Ratio</b> – Indicator of the over-all financial stability of the company. (total assets / equity)</p> <p>In percentage, equity is almost half of the company assets (for all 3 periods). This is quite good given that the proceeds of company's sale of securities augmented the funding of the hospital construction.</p>	2.38 : 1	2.33 : 1	2:31 : 1
<p><b>Interest Rate Coverage</b></p> <p>a. Interest Rate Coverage Ratio – Measures the company's ability to meet its interest payments. (earnings before interest and taxes / interest exp)</p> <p>The company is at its construction stage, given so, payment of interests are dependent on funds generated thru sale of securities and not from income generated.</p>	0	0	0

#### D. CERTAIN RELATIONS AND RELATED TRANSACTIONS

The company is building a hospital, which is now under construction. Among the visions of the directors and founders of the hospital is to provide Ilonggos the best hospital facility in the region which is at par with those that are in highly urbanized regions as Manila and Cebu. To realize this vision, the directors and founders decided that they should provide state of the art equipment and those that are considered top notch in the medical industry. Anent to this, the company engaged the services of Endure Medical, Inc. an esteemed and trusted importer, to help the company in the importation of its equipment. Endure Medical, Inc. is owned and managed by the family of Dr. Ferjenel Biron, Chairman of APMCI Board.

In 2017, the directors and shareholders of the company were mandated and empowered to contribute resources and make cash advances in favor of the company to augment the development/construction of its medical structures and appurtenances. These advances have been gradually liquidated over the years. As of October 2020, these have all been fully paid.

Also, the company employed the services of TIPP Plus Digital Solutions for the custom-made Hospital Management Information System that the hospital will be using. TIPP Plus' President is Atty. Maylene Villanueva who is the Corporate Secretary and Compliance Officer of APMC Iloilo, Inc.

#### E. MANAGEMENT AND CERTAIN SECURITY HOLDERS

##### BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of its operations for its review. Currently, the Board consists of fifteen (14) members, of which two (2) are independent directors.

The table below set forth the members of the Company's Board as of 31 July 2022.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Citizenship</b>
Biron, Ferienel G.	57	Chairman	Filipino
Lavilla Meride D.	59	Vice Chairman	Filipino
Lavalle, Amado Jr.	59	President	Filipino
Regozo Danilo C.	59	Executive Vice President	
Gomez Lusyl M.	63	Assistant Corp Sec.	Filipino
Villaflor, Agnes Jean M.	58	Director/Treasurer	Filipino
Lemuel T. Fernandez	55	Director/Asst. Treasurer	Filipino
Dianco Felibert O.	48	Director	Filipino
Minerva Ike T.	47	Director	Filipino
Nolasco, Felix P.	70	Director	Filipino
Suplico, Rolex	63	Director	Filipino
Samoro Fredilyn G.	57	Director	Filipino
Comuelo, Jerusha A.	54	Independent Director	Filipino
Debuque Ma. Teresa F.	60	Independent Director	Filipino

All the above were elected as Board of Directors and Officers of the Corporation for the year 2021 until their successors are elected during the Annual Stockholders meeting of ASIA PACIFIC MEDICAL CENTER-ILOILO, INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.) held on 26 August 2021. During the Organizational Meeting on the same day, Lemuel T. Fernandez was elected as Asst. Corporate Treasurer. The Compliance Officer, Atty. Maylene B. Villanueva was re-elected as Corporate Secretary in the same meeting until a more suitable candidate becomes available.

Other than the aforementioned Directors and Officers, the following persons occupy key management positions as of 31 July 2021.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Citizenship</b>	<b>Period during which individual has served as such</b>
Maylene B. Villanueva	41	Corporate Secretary/ Compliance Officer	Filipino	2019 to present
Elmer Samoro Z.	52	Chief Finance Officer	Filipino	2019 up to present
Gerald Joel C. Abonado	59	Hospital Administrator	Filipino	2020 to present
Fernandez, Toni Dinah Cheer D.	54	Investor Relations Officer	Filipino	2020 to present

The independent directors of the Company as of 31 July 2022 are Jerusha A. Comuelo , and Ma. Teresa F. Debuque.

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

The Chief Finance Officer, Elmer Samoro is the brother-in-law of Director Fredilyn G. Samoro. On the other hand, the husband of Director Lusyl Gomez who is- also an Assistant Corporate Secretary

is the first cousin of the Corporate Treasurer Agnes Villaflores while the Investor Relations Officer and Data Protection Officer Toni Dinah Cheer D. Fernandez is the wife of Assistant Treasurer Fernandez.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

**Petition for Certiorari under Rule 65 against the Office of the Insurance Commissioner, Allied Care Experts Medical Center-Valenzuela, Allied Care Experts Medical Center- Pateros , Allied Care Experts Medical Center -Baypointe, Allied Care Experts Medical Center – Quezon City, Allied Care Experts (ACE) Medical Center- Baliwag and Asia Pacific Medical Center- Iloilo ( Formerly Allied Care Experts Medical Center- Iloilo)**

The petition dated 04 February 2022 was filed before the Court of Appeals against the Office of the Insurance Commissioner, Allied Care Experts Medical Center-Valenzuela, Allied Care Experts Medical Center- Pateros , Allied Care Experts Medical Center -Baypointe, Allied Care Experts Medical Center – Quezon City, Allied Care Experts (ACE) Medical Center- Baliwag and Asia Pacific Medical Center- Iloilo ( Formerly Allied Care Experts Medical Center- Iloilo)

Almost years after APMC Iloilo received the resolution of the Insurance Commission on the request for investigation of Ferdinand Kionisala declaring that the *benefits and privileges enjoyed by him or offered by any of the named respondents he pleaded on his complaint is not a pre-need contract, agreement, deed, nor plan contemplated under the law and that ACEMC – Cebu or any other respondent named on this matter are not engaged in pre-need business hence not required to secure a separate license for such before the insurance Commission* , he filed a Motion for Reconsideration dated 25 November 2020.

After the denial of the Motion for Reconsideration in a letter dated 29 November 2021 where the IC declared that the Complainant's Motion for Reconsideration is bereft of any novel compelling arguments or new pieces of evidence to consider in order to depart from our previous ruling, Ferdinand Kionisala filed a special civil action for Certiorari under Rule 65 before the Court of Appeals alleging that the Insurance Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction when it found that the contracts sold or offered for sale to the public are not pre-need contracts or are not processing pre-need plans and when it ignored the evident fact that the benefit and privileges are the cause or consideration of the contracts between private respondents and the members of the general public. Mr. Kionisala prayed that the Court of Appeals set aside the letter dated December 11, 2018 and letter dated November 29 2021 be nullified and set aside and that the Insurance Commission be ordered to take appropriate action(s) against the private respondents for violating the Pre-Need Code of the Philippines.

Rolex Suplico, a Director is a defendant in a case filed against him while he was Vice Governor of Iloilo from 2007-2020 The case is People v. Suplico, et.al., with SB-18-CRM-0051 for violation of Sec. 3 (e) of RA 3019 pending at the 5<sup>th</sup> Division of the Sandiganbayan.

As of 31 July 2022, presentation of Prosecution's evidence is still pending.

Felix Nolasco, another Director and Nominee is a party in the following legal proceedings in his capacity as founder and incumbent Director of Allied Care Experts (ACE) Medical Center – Cebu Inc.

1. 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 of Pre-emption, and for Attorney's Fees) Dax Matthew M. Quijano et.al. v. ACE Medical Center Cebu Inc. , Felix P. Nolasco, et.al.

On 7 March 2018, several complainants ( Dax Matthew M. Quijano, et.al.) through counsel filed a civil complaint against the Hospital and its Directors 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 of capital approved by the Board on November 12, 2016. The Defendants (based in Cebu) have already filed their Answer to the Complaint but the Manila based Doctors which include Dr. Nolasco had not been served the summons. On 5

August 2020, a Motion to Dismiss the Complaint was filed for lack of interest of plaintiffs to prosecute the case. The case was scheduled for mediation on 14 July 2021. Since an agreement was not reached, another mediation was scheduled on 29 July 2021. No agreement was reached so it was sent back to court for judicial dispute resolution which was held on 9 February 2022. The JDR failed so the pre-trial schedule set on 3 June 2022 was postponed.

The decision on the case by the Court is pending.

2. 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 of Pre-Emption, and/or Attorney's Fees) Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center- Cebu, Inc., Felix P. Nolasco et.al.

On 5 February 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct 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 12 November 2016. The Cebu-based defendants had already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgement, but the same was opposed by defendants on 2 May 2018. No ruling was made on such motion hence the case had not moved. The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for mediation on 16 June 2021. Since an agreement was not reached, the pre-trial on 13 August 2021 proceeded as scheduled. On 5 November 2021, a hearing was held but no resolution was made. Another hearing was scheduled on 4 March 2022 but plaintiffs were unavailable. On 22 April 2022, another hearing was scheduled but plaintiff requested that his previous manifestation be addressed first. The hearing scheduled on 24 June 2022 was postponed.

As of 31 July 2022, to the knowledge and information of the Company, except for the abovementioned Directors, none of the Company's other Directors or Executive Officers have been involved in any legal proceedings during the last five (5) years that are material to an evaluation of their ability or integrity to act as such.

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.

## **F. CORPORATE GOVERNANCE**

The Company endeavors to comply with the recommendations set forth in SEC Memorandum Circular No. 24-Series of 2019. It is committed to a strong corporate governance with transparency and accountability as its hallmarks.

On January 2019, during its first meeting after the issuance of the Permit to Offer Securities, the Board of Directors appointed its Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of good governance. The Company submitted its Manual on Corporate Governance on 27 June 2019.

On 30 September 2020, the Company submitted its Revised Manual on Corporate Governance. Its substantially adopted in its Manual on Corporate Governance all of the recommendations under SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers (CG Code for PCs and RIs).

In 2021, the Company has established a Self Assessment Survey by the Board of Directors and Board Committees. This evaluation system aims to measure and determine the level of compliance of the

Board of Directors and top-level management with its Revised Manual on Corporate Governance. The Board Performance Assessment which is accomplished by the BOD indicates compliance ratings. It is submitted to the Compliance Officer who evaluates compliance with the Revised Manual on Corporate Governance.

The minor deviations from the recommendations of the CG Code for PCs and RIs such as the Corporate Secretary and Compliance Officer being one and the same person, the Executive directors being more than non-executive directors and having three (3) Independent Directors instead of five (5) were necessitated by the fact that the company is just about to operate and there is a need to tighten the purse that is achieved by having a lean manpower in preparation for pre-operation expenses. As soon as it commences operation, the Company will ensure that it is fully compliant with all the recommendations.

To ensure good governance, the Company had its new CEO attend the Professional Directors Program conducted by the Institute of Corporate Directors. With the new CEO properly trained, the Board is scheduled to revisit its vision, strategic objectives, key policies and procedures for the management of the company, as well as the mechanism for monitoring and evaluating Management's performance before it commences operation. The Board also makes certain the presence and adequacy of internal control mechanisms for good governance.

The Company is taking further steps to strengthen adherence principles and practices of corporate governance by sending its Directors in various trainings and programs conducted by the Institute of Directors and Center for Global Best Practices.

The following trainings have been attended by its Director and Officers from August 2021 to August 2022:

DIRECTOR	2021-2022
<b>Ferjanel G. Biron</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	CSW Specialist conducted by Center for Global Best Practices on 15-17 and 22 September 2021
<b>Jerusha A. Comuelo</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices of Effective Board conducted by Center for Global Best Practices on 8 February 2022.
	Finance Directors conducted by Institute of Corporate Directors on 10-11 May 2022.
<b>Ma. Teresa F. Debuque</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Roles, Responsibilities & Liabilities of Board of Directors conducted by Center for Global Best Practices on 19 November 2021.
<b>Felibert O. Dianco</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices in Corporate Housekeeping conducted by Center for Global Best Practices on 12- 13& 28 January 2022.
<b>Lemuel T. Fernandez</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Finance Directors conducted by Institute of Corporate Directors on 10-11 May 2022.
	Best Practices in Financial and Operational Budgeting conducted by Center for Global Best Practices on 6-7 September 2022.
<b>Lusyl M. Gomez</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices in Corporate Housekeeping conducted by Center for Global Best Practices on 12- 13& 28 January 2022.
	Finance Directors conducted by Institute of Corporate Directors on 10-11 May 2022.



<b>Amado M. Lavalle Jr.</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Corporate Governance Orientation Program conducted by Institute of Corporate Directors on 28-29 Sept 2021.
	Professional Directors Program conducted by Institute of Corporate Directors on 6-7,12-13,26-27 October 2021, & 4-5 November 2021.
<b>Meride D. Lavilla</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May 2021.
	Best Practices in Corporate Housekeeping conducted by Center for Global Best Practices on 12- 13& 28 January 2022.
<b>Ike T. Minerva</b>	Digital Transformation Risk Management conducted by Center for Global Best Practices on 2-3 December 2021.
	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
<b>Felix P. Nolasco</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices of Effective Board conducted by Center for Global Best Practices on 8 February 2022.
<b>Danilo C. Regozo</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices in Strategy Execution conducted by Center for Global Best Practices on 28 October 2021.
	Risk Management In the Age of COVID 19 conducted by Institute of Corporate Directors on 28 April 2022.
<b>Fredilyn G. Samoro</b>	Best Practices in Corporate Housekeeping and another training on Corporate Governance In-House Training (Session 1: New Code of Corporate Governance for Public Companies and Registered Issuers; Session 2: Revised Corporation Code of the Philippines) conducted by the Center for Global Best Practices on 21 -23 April 2021 and 16-17 July 2021
	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices of Effective Board conducted by Center for Global Best Practices on 8 February 2022.
<b>Rolex T. Suplico</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
<b>Agnes Jean M. Villaflor</b>	Corporate Governance Training conducted by PWC/Isla Lipana & Co. on 14 May, 2021.
	Best Practices in Strategy Execution conducted by Center for Global Best Practices on 28 October 2021.