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Asia Pacific Medical Center - Iloilo, Inc. (formerly: Allied Care Experts (ACE) Medical Center-Iloilo Inc)._17-A_02 May 2023

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Tue, May 2, 2023 at 10:30 PM
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Further, pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in **PORTABLE DOCUMENT FORMAT (PDF)** Secondary Reports such as:

17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

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For your information and guidance.

Thank you and keep safe.

COVER SHEET

C	S	2	0	1	4	2	3	9	5	4

S.E.C. Registration Number

ASIA PACIFIC MEDICAL CENTER - ILOILO, INC. (FORMERLY: ALLIED ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.)

(Company's Full Name)

BRGY., UNGKA JARO, ILOILO, ILOILO CITY 5000

(Business address: No. Street City / Town / Province)

MAYLENE B. VILLAUEVA	(033) 321-57-48/320-22-32
Contact Person	**Company Telephone Number**

12	31	17-A	04	3rd Sat
Month	**Day**	**FORM TYPE**	**Month**	**Day**

Fiscal Year — **Annual Meeting**

REGISTERED ISSUER

Secondary License Type, If Applicable

	N/A
Dept. Requiring this Doc.	**Amended Articles Number/Section**

Total Amount of Borrowings

Total No. of Stockholders	**Domestic**	**Foreign**

Top be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended 31 December 2022

2. SEC Identification Number CS201423954 3.BIRTaxIdentificationNo.008-922-703

4. Exact name of issuer as specified in its charter:
ASIA PACIFIC MEDICAL CENTER – ILOILO INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.)

5. Iloilo City,Philippines
Province, Country or other jurisdiction of
Incorporation or organization

6. (SEC Use Only)
IndustryClassificationCode:

6. Brgy. Ungka, Jaro, Iloilo City 5000
Address of principal office PostalCode

8 . (033) 3215748
Issuer's telephone number ,including area code

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

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

Title of Each Class "	Number of Shares of Common Stock Out standing and Amount of Debt Outstanding
Founder..	600
Common	235,070

The total outstanding debt of the company as of **December 31, 2022 is P1,277,897,071**

12. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder,and Sections26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes[/] No[]

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

Yes[/] No[]

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

As of 31 December 2022 Php 235, 670 shares
Last Price Php 400,000.00
Aggregate Php 94,268,000,000

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

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

Yes[] No[] [/] NOTAPPLICABLE

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    a) Audited Financial Statements as of and for the year ended December 31, 2022 (incorporated as reference for Items 7 and 12 of Sec Form 17-A)

PART 1 – BUSINESS AND GENERAL INFORMATION

Item 1. Business

BUSINESS DEVELOPMENT

Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.) (hereinafter "APMCI" or The Company)is a domestic 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.

APMCI 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. 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 manage its interest expenses, the APMCI applied for registration as a New Operator of General Hospital Level 2 under Tier I of the 2022 Strategic Investment Priority Plan (SIPP) of R.A. 115334 (CREATE Act) which would entitle it to income tax holiday and other incentives. The application was approved by the Board of Investments on 15 December 2022 subject to the final approval of the Fiscal Incentives Review Board.

To support the construction of its first project, Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.) applied for a secondary license for the issuance of securities. SEC issued its Permit to Offer Securities on 27 December thru SEC MSRD Order No. 37 Series of 2018.

As of 31 December 2022, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by Company is at **99.07%.**

APMCI has not filed for bankruptcy, receivership nor had been a subject of similar proceedings.

Neither has there been a material reclassification, merger, consolidation, or purchase or sale of a significant amount of its assets not in the ordinary course of business.

ANTICIPATED BUSINESS

It is the mission of Asia Pacific Medical Center – Iloilo, Inc. (Formerly: 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 most efficient medical services to its clients and stakeholders.

Initially, APMCI 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: Allied Care Experts (ACE) Medical Center -Iloilo Inc.) willbea9 – storey 200 – bed capacity hospital with helipad and perimeter and basement parking that can accommodate 6 Mini buses, 5 ambulance,84 cars and 11 motorcycles with total floor area of 28,550.50 sq. meters 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. APMCI will be a multidisciplinary 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 and those intend to invest their money in hospitals.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of APMCI, although it is a prerequisite. Physicians and medical specialists who are subscribers to atleast one (1) block or ten (10) shares of the capital stock, whether founder or common shares, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as indicated in the Articles of Incorporation, By – Laws and Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges offered by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as may be imposed by APMCI pursuant to its rules and duly approved resolutions. Medical Specialists who have been granted the privilege to practice shall continuously possess the required qualifications and maybe subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

APMCI will collect from each duly admitted medical specialist a one-time "privilege to practice" fee amounting to One Hundred Fifty Thousand Pesos (Php150,000.00) plus monthly fees for maintenance and utilities used for the Clinic.

TERTIARY LEVEL 2 HOSPITAL

A Tertiary Hospital is a hospital that provides tertiary care, which is health care from specialists in a large hospital after referral from primary care and secondary care. Tertiary Hospitals offer training programs for doctors who want to go into specialization.

APMCI will be a Tertiary Level 2 Hospital. Under the Rules and Regulations Governing the New

Classification of Hospitals and Other Health Facilities in the Philippines (Effective: August 18, 2012),the following are the minimum requirements for Level 2 Hospitals:

A Level 2 Hospital shall have as minimum, all of Level I capacity, including,but not limited to, the following:

1. An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate board certified Clinical Department Heads
2. Departmentalized and equipped with the service capabilities needed to support board-certified/eligible medical specialists and other licensed physicians rendering services in the specialties of Medicine, Pediatrics, Obstetrics and Gynecology, Surgery; their subspecialties and ancillary services;
3. Provision for general ICU for critically ill patients.
4. Provision for NICU (Neonatal Intensive Care Unit)
5. Provision for HRPU (High Risk Pregnancy Unit)
6. Provision for respiratory therapy services;
7. A DOH licensed tertiary clinical laboratory;
8. A DOH licensed level 2 imaging facility with mobile x-ray inside the institution and with capability for contrast examinations.

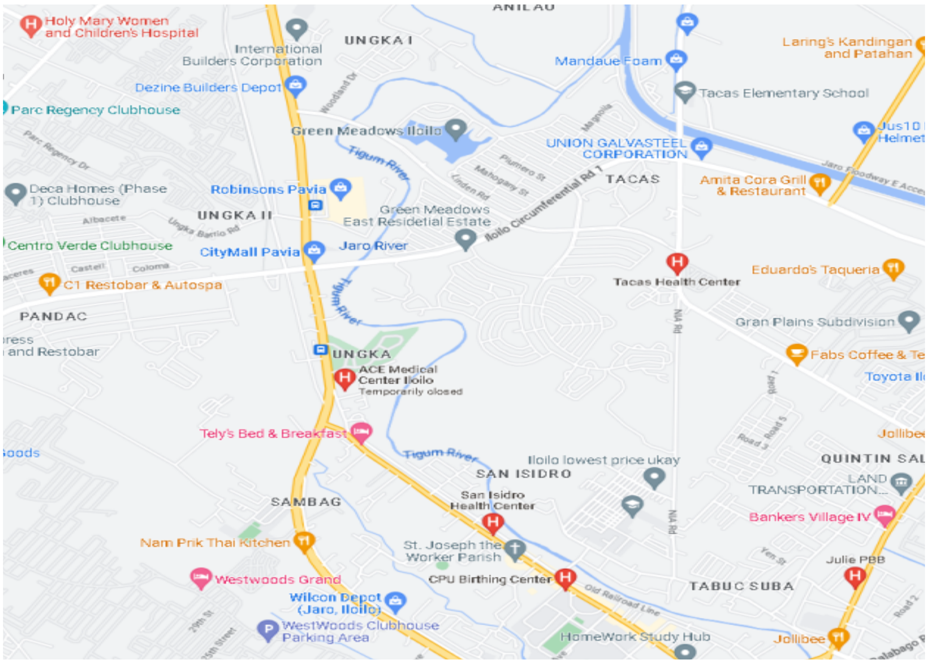
APMCI will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation.

COMPETITION

The issuer belongs to an 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
AMOSUP (Associated Marine Officers' and Seamen's Hospital Iloilo)	Onate St., Mandurriao, Iloilo City	40	Private	2
Iloilo Doctors 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	Donato Pison 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, IloiloCity	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 APMCI primarily influences the decision of the medical specialists to subscribe to the shares of stock in APMCI. 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 APMCI to effectively compete with its competitors within the area.

APMCI 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. APMCI 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 is currently working 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 staffs of APMC Iloilo are clinically competent and certified specialists.

Aside from these, patients will find a better ambiance with APMCI due to its carefully planned, designed, constructed hospital building. Its advantage is not simply its newly built structure but it also boasts of new facilities and equipment, plus the competency of its Medical Specialists.

Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center -Iloilo Inc.) will be a one-stop-shop with its latest technology complete laboratory and imaging facilities such as:

- MRI
- CTScan

- Mammogram
- Echocardiography
- Bone Densitometry
- Liverelastometry·

Specialized services such as the following will also be provided:

- Cardiac Catheter Laboratory
- Renal and Urology Center
- Endoscopy Center
- Oncology Center and Transfusion Unit
- Eye Center
- Nutrition and Dietetics
- Blood Bank and Apheresis Center
- Neuro Laboratory
- Operating room and minimally invasive Surgery
- Physical & Occupational Therapy and Rehabilitation Facilities Sleep Center
- Metabolic Wellness and Aesthetic Center
- High Risk Pregnancy and Infertility
- Human Milk Bank and Lactation Center
- Research Center

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 major suppliers for this project are as follows:

1. Dakay Construction & Development Corporation - Civil/Structural
2. Cab Construction Services – Drywall Partition and Ceiling
3. Synchronized Solution Inc. – Auxiliary and Electrical
4. Balderas Engineering & Technology Services - Electrical
5. Pesco Air Conditioning and Engineering Services - Electrical
6. Citigas Inc. – Medical Gases Pipelines
7. JRDM Builders Corp.– Air Conditioning/Hepa Filters
8. Thai Phil Services Ltd, Inc. – Air Conditioning
9. Ultrade Phil Service Corp - Plumbing,Fire Protection and Fresh Air
10. R.Turno Glass & Alum. Service - Glassworks
11. Puricare Industrial Enterprises - R.O.System
12. International Elevator &, Inc. - Elevators
13. Ladadios Builders Inc. - Joinery, Retrofitting, RMD, Vinyl & Doors
14. Westpoint Builders – External Works,Pavement & Parking
15. Green Garden Landscaping Services – Landscaping
16. Protric - (Joineries/Lab/Pharmacy/Blood Bank/Medical)
17. NTA - (WaterProofing/ External Cladding Sealant/ Basement Driveway)
18. Estomo – Stainless Steel Ramp Basement/ Kitchen Table
19. GB Majestic – Frosted film to Wall Glass
20. Ranile – Blackpaint @ BSMT ceiling/ Epoxy to Ramps & Driveways
21. Denmine – Epoxy Paint to Fire Exit Stairwell
22. Triple 8 – Basement Ceiling Board & Painting
23. Fireshield Inc. – FM200 Supply & Installation
24. Signage – DS Advertising
25. Olie – Curtain & Tracks & Shower Curtain

The aforementioned contractors are suppliers of goods and services relating to the construction of the hospital building. In the course of its operations, there will be a number of reputable manufacturers and distributors of hospital equipment, medicines and medical supplies abroad and in the country that APMCI may source its supplies depending on its needs. Initially, the following are its major suppliers of medical equipment, medical supplies and medicines:

Major Suppliers of the Medical Equipment, Medical Supplies And Medicines.

1. Berovan Marketing – Medical Supplies and Equipments
2. CRR Medical and Diagnostic Distributor - Medical Supplies
3. Flomed – Medical Equipment
4. Olten Instruments Phils Corp. Olympus - Medical Equipments
5. RFG Medical Pharmaceutical Products & Equipment - Medical Equipments
6. The Pharmedic Co. - Medical Equipments
7. Omnibus Bio-Medical Systems, Inc. – Laboratory Supplies & Equipments
8. Endure Medical Inc.- Medical Equipment

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 and vice versa:

1. Asia Pacific 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 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 30 of the Audited Financial Statements as of and ending on 31 December 2022.

GOVERNMENT APPROVAL

Asia Pacific Medical Center - Iloilo Inc. has secured the necessary permits to construct the Hospital. Otherpermitsmayberequiredlaterforitsoperationandshallbecompliedwithby theCompany.

List of Permits	Date Granted
Securities & Exchange Commission	December 10, 2014
Bureau of Internal Revenue	October 7, 2015
Department of Health – Permit to Construct	March 29, 2021
Civil Aviation Authority of the Philippines (CAAP) Clearance	On process
Environmental Compliance Certificate	October 5, 2015
Certificate of Zoning Compliance	July 29, 2015
Fire Safety Evaluation Clearance	August 17, 2015
Land Use and Zoning	July 29, 2015
Building Permit	August 28, 2015
Civil/ Structural Permit	August 28, 2015
Architectural Permit	August 28, 2015

Electrical Permit	August 24, 2015
Sanitary/ Plumbing Permit	August 28, 2015
Mechanical Permit	August 28, 2015
Electronics Permit	August 24, 2015
License to Operate	On process
Occupancy Permit	On process

In the course of its pre-operation stage, Asia-Pacific Medical Center - Iloilo Inc. Will secure permits and licenses from national and local government entities particularly the License to Operate (LTO) from the DOH, Environmental Compliance Certificate and Hazardous Waste Permit from DENR. The Building Permit and Occupancy Permit will be issued by the Iloilo City Office of the Building Official and Business Permit from BPLO of Iloilo City.

The LTO will be secured after the full construction of the Hospital and the necessary Occupancy Permit from the Building Official has been issued. The DOH will need to conduct ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of Asia Pacific Medical Center - Iloilo, Inc. to ensure it is compliant with the standards of the Department prior to issuance of the LTO.

EMPLOYEES

Since the hospital is under construction and we see that we will be operational by the second half of 2023, the Board has not decided yet on the supplemental benefits or incentive arrangements that will be given to its employees. Below is the tile breakdown of the current manpower of APMCI.

Type of Employees	Number of Current Employees
Executive Officers and Board Directors	19
Medical Support Staff	8
Administrative Staff	27
Engineering and Maintenance	7
Project Based	9
Contractual	3
Others	0
Total	73

There is no existing labor organization or union among the employees of APMCI. APMCI have likewise not gone on strike or other concerted union action.

APMCI adopts a performance-based compensation scheme for its employees.

Medical Specialists

Medical Specialists are Doctors 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 APMCI.

The admission to the Medical Staff roster of APMCI will be under the jurisdiction of the Credentialing and Privileging Committee.

The Credentialing and Privileging Committee requires that the medical specialists of APMCI have updated professional licenses as practicing physicians from the PRC and PHIC.

They should have finished their training in the Accredited Specialty and Subspecialty Societies of their fields in the Philippines, and should be certified Diplomates and Fellows of their respective Medical Specialties. Documentary requirements shall be submitted to the Credentialing and Privileging Office upon application, and upon submission of the requirements, the committee will recommend to the Chief of Medical Services, the Executive Vice President, the Chief Executive Officer, and the BOD for final approval.

Medical specialists may have the option to apply for a Privilege to Practice and enjoy a clinic space and time at APMCI, or practice as regular visiting medical staff. Policies and procedures for acceptance to the medical Staff are stated in the Manual of Policies and Procedures of the Credentialing and Privileging. Review of the medical staff credentials is annual, and privileges review is every two years.

Currently, Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.) has a total of 18 Medical Specialists that will practice within the hospital. Within the next 12 months, it is expected that the Hospital will accept atleast 100 more Doctors.

No.	Medical Specialist	Specialization
1	Barrameda, Romulo Jr. S.	Internal Medicine / Nephrology
2	Comuelo, Jerusha A.	Pediatric / Neurology
3	Daulo, Sylva L.	Doctor of Medicine in Dentistry
4	Dianco, Felibert O.	Internal Medicine / Adult Cardiology
5	Gallega-Perez, Ma. Grace	Internal Medicine / Dermatology
6	Gomez, Lusyl M.	Pediatrics
7	Gubatina, Maria Geraldine L.	Obstetrics and Gynecology
8	Lavalle, Amado Jr. M	Surgery / Oncology
9	Lavilla, Meride D.	Pediatrics
10	Minerva, Ike T.	Internal Medicine / Gastroenterology
11	Ong, Mary Flor G.	Internal Medicine / Endocrinology, Diabetes and Metabolism
12	Patrimonio, Demetrio	Pediatrics / Neonatology
13	Ramirez, Ruben B.	Medical Imaging / Radiology, CT MRI
14	Salazar, Ma. Iris V.	Pathology
15	Samoro, Fredilyn G.	Obstetrics and Gynecology
16	Saquian, Jeremy M.	Surgery / Ophthalmology
17	Tingson, Pedro Jr. F.	Surgery / Urology
18	Villaflor, Agnes Jean M.	Internal Medicine / Nephrology

TRADEMARKS

In 2020, the company's corporate name was changed from Allied Care Experts Medical Center – Iloilo Inc. to Asia-Pacific Medical Center- Iloilo Inc. with the approval by the majority and two-thirds (2/3) votes of the directors and stockholders respectively. The amendment of the corporate name was precipitated by the change in its strategic direction along with two other partner hospitals, Asia Pacific Medical Center - Bacolod, Inc. and Asia Pacific Medical Center – Aklan, Inc. to become an internationally recognized hospital as they plan to be accredited by the Joint Commission International which accreditation and certification is recognized as a global leader for quality of healthcare and patient safety. Subsequently, the company together with the abovementioned partner hospitals filed an application for registration of the trademark for the APMC logo before the Intellectual Property Office which was granted on 13 April 2021. The trademark aims to establish the brand Asia Pacific Medical Center as a leader in the healthcare industry. It filed the Declaration of Actual Use of the trademark last 29 December 2022.

EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE BUSINESS

The Company has no knowledge of recent or impending governmental regulations, the implementation of which will result in a material adverse effect on the company. However, various government agencies in the Philippines regulate the different aspects of the Company's business.

The following are noteworthy laws relevant to the Company:

CREATE ACT

Rationale:

In April 2021, RA 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" took effect. The law reduced the corporate income tax for domestic corporations from the previous 30% to 25%. Corporations with net taxable income not exceeding PhP5 Million and with total assets not exceeding PhP100 Million excluding land on which the particular business entity's office, plant and equipment are situated during the taxable year for which the tax is imposed shall be taxed at the rate of 20%.

Under Title XIII of RA 11534 otherwise known as the Corporate Income Tax and Incentive System, the Fiscal Incentives Review Board, or the Investment Promotion Agencies, under a delegated authority from the Fiscal Incentives Review Board shall grant the appropriate tax incentives to registered business enterprises to the extent of their approved registered project or activity under the Strategic Investment Priority Plan. Among the listed activities in the 2020 Investment Priority Plan is the Health and Disaster Risk Reduction Management Services which covers the establishment and operation of general and specialty hospitals, and other medical and healthcare facilities including drug rehabilitation, quarantine and evacuation centers. As mentioned above, APMCI applied for registration which was approved by the Board of Investments on 15 December 2022 subject to the final approval of the Fiscal Incentives Review Board.

The Data Privacy Act

Republic Act 10173 – Data Privacy Act of 2012 and its Implementing Rules and Regulations ensure the security of personal data and information and impose certain requirements and obligations to entities involved in the processing of personal data. Companies involved in the processing of personal data are required to appoint a Data Protection Officer and adopt a Personal Data Privacy Policy by September 1, 2017. The National Privacy Commission is tasked to administer and implement the provisions of the law and its rules and regulations.

Considering that the Company is involved in the processing of personal data, be it from investors, suppliers, employees and patients, the Company appointed Mrs. Toni Dinah Cheer Fernandez as Data Protection Officer. The company has enacted policies which provide for organizational, physical and technical security measures geared towards data protection. These policies recognize the rights of the data subject to information, access and rectification of his personal information, among others. It also provides for the procedure to be undertaken in the event of data breaches or security incidents. The policy further requires that all outsourcing arrangements of the group involving personal data collection be compliant with the requirements of the law.

The Universal Healthcare Act

Republic Act No. 11223 Universal Health Care Act the Philippines' first Universal Health Care (UHC) bill was signed into law, it aims to reduce of Filipinos being forced into poverty just because they can't pay their medical bills, while increasing access to quality health care for the poor and those living in remote areas. Fully enacted, it will entitle every Filipino citizen to health coverage that will cost them far less than what they have to pay for at present.

(UHC). The Universal Health Care Act requires all private hospitals to operate not less than ten percent (10%) of their bed capacity as basic or ward accommodation and regularly submit a report on the allotment or percentage of their bed capacity to basic or ward accommodation to DOH.

Moreover, under this law, all Filipino citizens are automatically enrolled in the Philippine Health Insurance Corporation (PhilHealth). Indigent patients are likewise eligible to PhilHealth's "No Balance Billing" scheme, which provides that no other fees or expenses shall be charged or paid by indigent patients beyond the PhilHealth package rates during their confinement period.

As soon as it operates, the Company will comply with the guidelines set by the DOH to implement the law as far as private hospitals are concerned.

The Food Safety Act of 2013

The Republic Act (RA) No. 10611, also known as the Food Safety Act of 2013 was enacted into law to strengthen the food safety regulatory system in the country. The food safety regulatory system encompasses all the regulations, food safety standards, inspection, testing, data collection, monitoring and other activities carried out by the Department of Agriculture (the "DA") and the Department of Health (the"DOH"), their pertinent bureaus, and the local government units.

The law aims for a high level of food safety, protection of human life and health in the production and consumption of food, and the protection of consumer interests through fair practices in the food trade. The law provides that the DA and the DOH shall set the mandatory food safety standards, which shall be established on the basis of science, risk analysis, and scientific advice from expert bodies. Standards of other countries, existing Philippine National Standards and the standards of the Codex Alimentarius Commission, where these exist and are applicable.

Under this law, food business operators are charged with certain responsibilities to prevent, eliminate or reduce risks to consumers. They are further encouraged to implement a Hazard Analysis at Critical Control Points – based system for food safety assurance in their operations.

This law will regulate the operation of the commissary of the Hospital once it starts to operate.

RA 9439

The Hospital Detention Act, RA 9439 signed into law last April 27, 2007 was enacted into law to prohibit the detention of patients in hospitals and medical clinics on grounds of non –payment of hospital bills or medical expenses.

The law provides that patients who have fully or partially recovered and who already wish to leave the hospital or medical clinic but are financially incapable to settle, in part or in full, their hospitalization expenses, including professional fees and medicines, shall be allowed to leave the hospital or medical clinic, with a right to demand the issuance of the corresponding medical certificate and other pertinent papers required for the release of the patient from the hospital or medical clinic upon the execution of a promissory note covering the unpaid obligation. The promissory note shall be secured by either a mortgage or by a guarantee of a co-maker, who will be jointly and severally liable with the patient for the unpaid obligation. In the case of a deceased patient, the corresponding death certificate and other documents required for interment and other purposes shall be released to any of his surviving relatives requesting for the same. Patients who stayed in private rooms are not covered by this law.

ANTI HOSPITAL DEPOSIT LAW

Republic Act No. 10932, otherwise known as the Anti-Hospital Deposit Law provides that “in emergency or serious cases, it shall be unlawful for any hospital or medical clinic to request, solicit, demand or accept any deposit or any other form of advance payment as prerequisite for administering basic emergency care, for confinement or medical treatment, or to refuse to administer medical treatment and support to any patient.”

Under this new law, any official, medical practitioner or employee of the hospital or medical clinic who violates the its provisions shall be punished by imprisonment of not less than six (6) months and one (1) day but not more than two (2) years and four (4) months, or a fine of not less than P100,000.00 but not more than P300,000.00 or both. Higher penalties of imprisonment of four (4) to six (6) years, or a fine of not less than P500,000.00 but not more than one million pesos, or both, are imposed upon directors or officers of hospitals or clinics responsible for the formulation and implementation of policies or instructions violative of the said law. Three (3) repeated violations of RA 10932, shall result in the revocation of the health facility’s license to operate by the Department of Health (DOH). Further, a presumption of liability shall arise against the hospital, medical clinic, and the official, medical practitioner, or employee involved in the event of death, permanent disability, serious impairment of the health condition of the patient-complainant or in the case of a pregnant woman, permanent injury or loss of her unborn child as a result of the denial of his or her admission to the health facility, according to RA 10932.

Under this law, the Philippine Health Insurance Corporation (PhilHealth) will reimburse the hospital or clinic for the cost of basic emergency care and transportation services given to poor and indigent patients and the Philippine Charity Sweepstakes Office (PCSO) will also provide medical assistance for the basic emergency care needs of poor and marginalized groups. To ensure compliance without jeopardizing the company’s finances, its BOD will formulate policies to ensure efficient collection from the aforementioned agencies.

The Foods, Drugs and Devices, and Cosmetics Act

The Food and Drug Administration (FDA) of the Philippines, formerly the Bureau of Food and Drugs (BFAD 1982-2009), is a health regulatory agency under the Department of Health created on 1963 by Republic Act No. 3720, amended on 1987 by Executive Order 175 otherwise known as the “Food, Drugs and Devices, and Cosmetics Act”, and subsequently reorganized by Republic Act No. 9711 otherwise known as “The Food and Drug Administration Act of 2009”.

The Foods, Drugs and Devices, and Cosmetics Act, as amended by the FDA Act of 2009 establishes standards and quality measures in relation to the distribution of health products which include pharmaceutical products sold within the hospital to ensure the safe supply thereof to and within the Philippines. The Food and Drug Administration (the “FDA”, previously referred to as the Bureau of Food and Drugs) is the governmental agency attached to the DOH tasked to implement and enforce the FDDC Act.

This law will regulate the operation of the hospital pharmacy.

Taxation

On the matter of taxation and other charges, the Company is subject to the National Internal Revenue Code of 1997 (NIRC), as amended by Republic Act No.9334 and further amended by Republic Act No.10351. In the course of its business operations, the Company is subject to income tax and documentary stamp taxes.

In January 2019, RA 10963 otherwise known as the “Tax Reform for Accreditation and Inclusion Act” or the TRAIN Law, exempted from twelve percent (12%) VAT the sale of prescription drugs and medicines used to treat diabetes, hypertension and high cholesterol.

Senior Citizens’ Act

Under Republic Act No. 7432, otherwise known as the “Senior Citizens Act", senior citizens are granted a 20% discount on goods and services, including medical and dental services in private facilities as well as diagnostic laboratory fees (X-rays, computerized topography scans and blood tests) and professional fees of attending doctors in all private hospitals and medical facilities. The law applies also to purchases from drug stores, hospital pharmacies and similar establishments dispensing medicines. The law will allow the deduction of the Senior Citizen discount to be extended by APMCI from gross revenues during the same taxable year. In 2010, RA No. 7432 was further amended by RA. No. 9994, or the “Expanded Senior Citizens Act" which granted senior citizens additional privileges, such as exemption from the 12% expanded value-added tax (EVAT). The EVAT exemption for senior citizens applies to, among others, purchases of medicines and essential medical supplies. RA No. 9994 provides for the sharing of the burden between the Hospital and the manufacturer/distributor/supplier which will help the hospital to manage its exposures.

Magna Carta for Disabled Persons

RA No. 7277, as amended by RA 9422, otherwise known as “Magna Carta for Disabled Persons” provides for additional privileges to persons with disability. In particular, persons with disability are entitled to a 20% discount on their purchase of medicines, medical and dental services, including diagnostic and laboratory fees, and professional fees of attending doctors in all private hospitals and medical facilities.

Maximum Retail Prices for Drugs and Medicines

On July 27, 2009, Executive Order No. 821 was signed, prescribing the maximum retail prices for selected drugs and medicines. The EO took effect on 15 August 2009. The implementation of the said EO will have the effect of reducing the Hospital’s revenues. However, with cost reduction strategies, APMCI is expected to maintain its margins.

In February 2020, EO No. 104 or Improving Access to Healthcare through the Regulation of Prices in the Retail of Drugs and Medicines was signed. The EO regulates the prices, through a maximum retail price (MRP), a maximum wholesale price, (MWP) or both of at least 86 drug molecules or 133 drug formulas selected based on a set of criteria.

In April 2021, the Department of Health issued the “Updated Suggested Retail Price (SRPs) for Essential Emergency Medicines and Medical Devices due to the Corona Virus disease 2019 (COVID-19) Health Event”.

Expanded Maternity Act

In May 2019, the Implementing Rules and Regulations (IRR) for RA 11210 or the Expanded Maternity Leave Law was enacted. Under the law, both government and private employers are required to give female workers 105 days paid maternity leave with an option to extend for an additional 30 days without pay. It applies to every instance of pregnancy, and employers are required to grant it regardless of the mode of delivery, civil status, legitimacy of the child and employment status. However, for cases of miscarriage or emergency termination of pregnancy, 60 days maternity leave with full pay shall be granted.

National Integrated Cancer Control Law

In August 2019, the IRR for RA No. 11215 or National Integrated Cancer Control Law was signed by the Department of Health. The IRR provides for the mechanisms by which cancer prevention, screening, diagnosis, treatment and care can be more equitable, affordable and accessible for all , especially the underprivileged, poor and marginalized Filipino.

Laws enacted during the COVID-19 pandemic and related policies

On 11 March 2020, the World Health Organization (WHO (declared a pandemic of the Corona Virus Disease 2019 (COVID-19). Thereafter, Presidential Proclamation NO.929 s.2020 was issued declaring a State of Calamity throughout the Philippines due to the increasing number of Filipinos infected with the virus. To address the pandemic, various laws were enacted by the Congress of the Philippines and various rules, regulations and circulars were issued by the Department of Health.

In view of the outbreak of the COVID-19 pandemic, the Department of Health had to issue various policies that affected the operations of hospitals including the following:

DEPARTMENT CIRCULAR NO. 2022-0108

Under this Circular, all public and private hospitals were instructed to comply with PHILHEALTH CIRCULAR No. 2022-0003 which provides for Benefit Packages for Inpatient Management of Confirmed Coronavirus Disease (COVID-19) and Clarification of Probable Cases.

Environment - related Laws

Philippine Clean Water Act of 2004

Republic Act (R.A.) No. 9275 titled “An Act Providing for a Comprehensive Water Quality Management and for Other Purposes”, also known as the Philippine Clean Water Act of 2004 (CWA) was signed by former President Gloria Macapagal-Arroyo on March 22, 2004. This Act shall apply to water quality management in all water bodies: Provided, that it shall primarily apply to the abatement and control of pollution from land based sources: Provided, further, that the water quality standards and regulations and the civil liability and penal provisions under this Act shall be enforced irrespective of sources of pollution.

The Philippine Clean Water Act of 2004 and its implementing rules and regulations provides for the requirement to secure a wastewater discharge permit, which authorizes the discharge of liquid waste and/or pollutants of specified concentration and volume from plants and facilities into any water or land resource for a specified period of time. The Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR) is responsible for issuing discharge permits and monitoring and inspection of the facilities of the grantee of the permit.

Philippine Clean Air Act of 1999

Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999, is a comprehensive air quality management policy and program which aims to achieve and maintain healthy air for all Filipinos. Republic Act No. 8749, otherwise known as the Philippine Clean Air Act, is a comprehensive air quality management policy and program which aims to achieve and maintain healthy air for all Filipinos. To protect and advance the right of people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

The Philippine Clean Air Act of 1999 and its implementing rules and regulations provides that before any business may be allowed to operate facilities and equipment, which emit regulated air pollutants, the establishment must first obtain a Permit to Operate Air Pollution Source and Control Installations. The EMB is responsible for issuing permits to operate air pollution source and control installations as well as monitoring and inspection of the facilities of the grantee of the permit.

Solid Waste Management Act of 2000

Republic Act No. 9003,otherwise known as the "Philippine Ecological Solid Waste Management Act of 2000," and by virtue of Executive Order No.192, Series of 1987, with the Department of Environment and Natural Resources (DENR) Administrative Order 2001-34 as its implementing rules and regulations, sets the guidelines for solid waste reduction through sound reduction and waste minimization, including composting, recycling, re-use, recovery before collection, treatment and disposal in appropriate and environmentally sound solid waste management facilities in accordance with ecologically sustainable principles.

Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990

Republic Act No. 6969 this Act shall be known as "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990" its implementing rules and regulations, as well as DENR Administrative Orders 2013-25 and 2013-22, aim to regulate the management of ozone-depleting chemical substances and hazardous wastes generated by various establishments.

Costs and Effects of Compliance with Environmental Laws

The Company incurred about One Hundred Twenty Million Nine Hundred Forty Nine Thousand Two Hundred Eighteen Pesos and **17/100 (PhP120,949,218.17)** in expenses for environmental compliance for the year 2021. On an annual basis, operating expenses incurred by the Company to comply with environment laws are not significant or material relative to the Company and its total cost and revenues.

A periodic review of the Hospital's operating margins will be undertaken to ensure that the Hospital will not suffer any significant financial burden as a result of the abovementioned laws and regulations.

MAJOR RISKS

The following are the identified risks in the operation of the hospital of the Company:

1. OPERATIONAL RISKS

The business of healthcare is the delivery of care that is safe, timely, effective, efficient, and patient centered within diverse populations. Operational risks relate to those risks resulting from inadequate or failed internal processes, people, or systems that affect business operations. Included are risks related to: adverse event management, credentialing and staffing, documentation, chain of command, and deviation from practice.

To address this risk, the Company engaged consultants that could assist it to establish an internal process that would ensure efficient delivery of services.

2. CLINICAL PATIENT SAFETY

Risks associated with the delivery of care to residents, patients and other healthcare customers. Clinical risks include: failure to follow evidence based practice, medication errors, hospital acquired conditions (HAC), serious safety events (SSE), occurrence of incidents and sentinel events and others. Anything relayed and/or observed occurring out of the ordinary expectations of the patients/clients is considered an "incident" while "sentinel events" are unexpected occurrences involving death or serious physical or psychological injury or the risk thereof.

To address this risk, the Company is aiming to follow the standards set by the Joint Commission International for patient safety and eventually apply for accreditation. A Policy on Incident Reporting and Sentinel Event Reporting has been formulated by APMCI to ensure appropriate and timely reporting of these occurrences. The Policy will state the action plan and the responsibilities of all concerned personnel and the activities involved in incident and sentinel event reporting.

The Policy outlines the manner of reporting, the timeliness of reporting and the specific persons to whom the report should be made.

3. STRATEGIC RISKS

Risks associated with the focus and direction of the organization. Because the rapid pace of change can create unpredictability, risks included within the strategic domain are associated with brand, reputation, competition, failure to adapt to changing times, health reform or customer priorities. Managed care relationships/partnerships, conflict of interest, marketing and sales, media relations, mergers, acquisitions, divestitures, joint ventures, affiliations and other business arrangements, contract administration, and advertising are other areas generally considered as potential strategic risks.

To address this risk, a Risk Manager shall be appointed by the Board of Directors as soon as practicable to ensure the formulation of policies within the Enterprise Management Framework.

4. FINANCIAL RISK

Decisions that affect the financial sustainability of the organization, access to capital or the timing and recognition of revenue and expenses make up this domain. Risks include: costs associated with malpractice, litigation, and insurance, capital structure, credit and interest rate fluctuations, foreign exchange, growth in programs and facilities, capital equipment, corporate compliance (fraud and abuse), accounts receivable, days of cash on hand, capitation contracts, billing and collection.

The Company had secured a Loan from LBP and got the commitment of some Founders to advance some capital to fund its pre-operation activities. It also plans to have a Comprehensive Insurance Plan for its practitioners.

5. HUMAN CAPITAL

This is an important issue in today's tight labor and economic markets especially with the current brain-drain of health workers. Also included are risks associated with employee selection, retention, turnover, staffing, absenteeism, on-the-job work-related injuries (workers' compensation), work schedules and fatigue, productivity and compensation. Human capital associated risks may cover recruitment, retention, and termination of members of the medical and allied health staff.

APMCI plans to provide Non-Monetary Stock Benefit to its employees to attract health workers to employ in the hospital.

6. LEGAL/REGULATORY

Risk within this domain incorporates the failure to identify, manage and monitor legal, regulatory, and statutory mandates APMCI is coming up with a strong Compliance system.

7. TECHNOLOGY

This domain covers machines, hardware equipment, devices and tools, but can also include techniques, systems and methods of organization. Healthcare has seen an explosion in the use of technology for clinical diagnosis and treatment, training and education, information storage and retrieval, and asset preservation. Examples also include Hospital Information System, social networking and cyber liability.

APMCI engaged an Indentor, Endure Medical, Inc. to secure the most advanced machines, hardware and equipment for the hospital. TIPP Plus is currently in the process of installing and integrating the Company’s Hospital Information System.

Item 2. Properties

The Asia Pacific Medical Center – Iloilo is a 9-storey, 200-bed capacity hospital with a helipad and one (1) basement parking level. Total floor area is around 28,550.50sq. m. Constructed at 6,000 sq. m. Property located at Barangay Ungka, Jaro, Iloilo City. It will also serve as a Referral Center for hospitals bearing the name Asia Pacific Medical Center and other institutions previously mentioned with which APMC - Iloilo Inc. has entered a Memorandum of Agreement.

The property is covered by Transfer Certificate of Title Nos. 095-2015000546 and 095-2015000547 and Tax Declaration Nos. 15-03-042-00552 and 15-03-042-00553 registered in the name of Allied Care Experts (ACE) Medical Center - Iloilo Inc. and used as collateral for a Real Estate Mortgage with the Land Bank of the Philippines.

The land described above is recorded in the books of the company at **Twenty Eight Million Two Hundred Ninety One Thousand Six Hundred Thirty Pesos (Php 28,291,630).** Aside from land, the other properties acquired and owned by the company are as follows:

Since 2015 until December 31, 2022, the corporation has acquired office equipment composed of desktop and laptop computers, printers, photocopying machines, steel cabinets and office furniture amounting to **Php6,655,838.00** net of depreciation.

As of December 31, 2022, APMCI has acquired a total of **Php 297,878,139.00** medical equipment. These are operating room lights and tables, C-arm X-ray machine, Digital R/F machine, Digital Panoramic Dental Unit, and meal distribution trolleys, all of which are already delivered to the site and will be installed and used once specific areas in the hospital are ready.

Majority of the company's equipment are now stored in the hospital site. Storage contract with Iloilo Millenium Warehouse was terminated in early 2020, primarily to save on cost. Total cost of hospital equipment already on the site amounts to **Php 77,945,796**. To date, total equipment costing **Php 35,595,773.00** are still temporarily stored at Sunny Realty Corporation (Endure warehouse) located at Pasig City, Metro Manila. These will all be delivered to the site once the hospital is ready for their installation.

For the purchase of the remaining equipment, APMC - Iloilo Inc. has engaged the services of Endure Medical, Inc. To help in its importation.

The list of equipment yet to be purchased includes (among others):

1 Diagnostic Laboratory Equipment
2 Pulmonary Function Test Machine
3 Ambulance
4 Yag Laser Zeiss
5 Dental Equipment
6 Endoscopy System
7 Flexible Bronchoscope
8 Fully Automated Blood Bank System
9 Various Medicine & Rehabilitation Equipment
10 Telemetry Portable Ultrasound Machine
11 Ambulatory BP Machine Monitoring
12 Apheresis Machine
13 Thermoscientific Fully Automated Cryostat
14 2 D echo machines, ECG machines, Holter monitoring device
15 EEG machine, EMG machine
16 NICU equipment (infant warmers)
17 Others; autoclave, BP apparatus, crash carts, computers

Funds for the purchase of these equipment were taken from the loan to be granted by Land Bank of the Philippines(which amounts to Php 120,000,000.00) and from the sale of securities. For the acquisition of some machines, APMC – Iloilo may also opt for a "tie-up" contract with suppliers, if viable.

The Total Properties and Equipment owned by the company reflected a balance of Four Hundred Forty Seven Million, Four

Hundred Forty Four Thousand Nine Hundred Nineteen (P 447,444,919.00) at the end of the year (net of depreciation) and broken down as follows:

Land	**28,291,630.00**
Office Equipment (net)	**6,655,838.00**
Medical Equipment	**297,878,139.00**
Hospital Equipment	**113,541,569.00**
Kitchen Tools	**1,072,375.00**
Books/Periodicals (net)	**5,366.00**

LEGAL PROCEEDINGS OF COMPANY, ITS SUBSIDIARIES AND/OR AFFILIATES

Item 3. Legal Proceedings

Complaint filed before the Insurance Commission (IC) for engaging in Pre-need activities without license

A. **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)**

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 impleaded 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 (which include ACEMC-Iloilo) are not engaged in pre-need business hence not required to secure a separate license for such before the insurance Commission* , Kionisala 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 its previous ruling, Ferdinand Kionisala filed a special civil action for Certiorari under Rule 65 before the Court of Appeals against the above-named respondents 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. In his petition dated 04 February 2022, 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.

In a resolution dated 26 July 2022, the Eighteenth (18th) Division of the Court of Appeals directed the petitioners to rectify the infirmity observed in the petition, within an inextendible period of ten (10) days from notice which is the submission of a mere plain photostatic copy of the assailed letter dated 11 December 2018. Petitioner has submitted its compliance on 22 September 2022 copy of which was received by APMC Iloilo on 19 October 2022.

As of 31 December 2022, to the knowledge and information of the Company, there are no pending material legal proceedings that involve APMCI or any of its properties aside from the aforementioned case.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the 2022 Annual Stockholders' Meeting held in the Third Quarter of the year, there was no other matter submitted to a vote of security holders during the period covered by this report.

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PARTII – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price on of and Dividends in Registrant's Common Equity and Related Stockholder Matters

A. Market Information

The Company markets and offers the securities over-the-counter through organic employees who are well versed with Hospital operations. 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. There is no public trading market for the Company's shares.

Asia Pacific 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 land 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:

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

The first Two Thousand Six Hundred (2,600) blocks had been sold at a maximum price of Two Hundred Fifty Thousand Pesos (Php 250,000. 00) per block by the third quarter of October 2019 and another One Hundred Ten (110) blocks at a maximum price ofPhp300,000.00 per block were subscribed by December 31, 2019. The remaining Three Hundred Ninety (390) blocks at a maximum price of Three Hundred Thousand (Php300,000.00) per block were sold in the year 2020. Three (3) blocks at a maximum price of Four Hundred Thousand (Php400,000.00) per block of the third series shares were also sold by December 2020. Additional three (3) blocks from the same series were sold in the year 2021. In 2022, another sixty five (65) blocks of shares were sold at a maximum price of Four Hundred Pesos (PhP 400,000.00) per block. The 3rd series were never offered until the 2nd series had been sold out in the same manner that the 2nd series were never offered to the public until the shares from the first series had also been sold out. 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 **December 31, 2022 is 13.44%.**

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 APMC -Iloilo Inc. Other purchasers are non-medical specialists who are related to medical specialists and those who purchased the shares purely for investment purposes.

B. Holders

There are approximately 35 holders of Founder shares and approximately 2,780 holders of common shares of the company as of 31 December 2022.

Dr. Ferjenel G. Biron, Brandt Luke Q. Biron, Braeden John Q. Biron and Bryant Paul Q. Biron are the beneficial owners of more than 5% of any class of registrant's voting securities as of 31 December 2022.

Class	Names / Address of Record Owner	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding Shares
Common Founder	BIRON, FERJENEL G./82 Firefly Cor. Butterfly St., Valle Verde VI, Pasig City	BIRON, FERJENEL G/ Record Owner is also Beneficial Owner	Filipino	46,322 240	**19.76%**
Common Founder	BIRON, BRANDT LUKE Q. /Unit 4403 Trump Tower, Century City, Kalayaan Avenue, Makati City, Metro Manila	BIRON, BRANDT LUKE Q./ Record Owner is also Beneficial Owner	Filipino	21,890 10	**9.29%**
Common Founder	BIRON, BRAEDEN JOHN Q. // Ilaya 2nd, Dumangas, Iloilo	BIRON, BRAEDEN JOHN Q. / Record Owner is also Beneficial Owner	Filipino	21,140 10	**8.97%**
Common Founder	BIRON, BRYANT PAUL Q / Unit 903, Pacific Place, Pearl Drive, Ortigas Center, Pasig City	BIRON, BRYANT PAUL Q. / Record Owner is also Beneficial Owner	Filipino	21,140 10	**8.97%**

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

STOCKHOLDERS	NATIONALITY	NUMBER OF SHARES		PERCENTAGE OF OWNERSHIP
1. BIRON, FERJENEL G.	FILIPINO	COMMON FOUNDER	46322 240	19.76%
2. BIRON, BRANDT LUKE Q.	FILIPINO	COMMON FOUNDER	21890 10	9.29%
3. BIRON, BRAEDEN JOHN Q.	FILIPINO	COMMON FOUNDER	21140 10	8.97%
4. BIRON, BRYANT PAUL Q.	FILIPINO	COMMON FOUNDER	21140 10	8.97%
5. SAMORO, FREDILYN G.	FILIPINO	COMMON FOUNDER	6874 20	2.93%
6. RAMIREZ, RUBEN B.	FILIPINO	COMMON FOUNDER	5930 20	2.52%
7. LAVALLE, AMADO JR.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
8. REGOZO, DANILO C.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
9. VILLAFLOR, AGNES M.	FILIPINO	COMMON FOUNDER	3758 10	1.60%
10. LAVILLA, MERIDE D.	FILIPINO	COMMON FOUNDER	3728 10	1.59%
11. COMUELO, JERUSHA A.	FILIPINO	COMMON FOUNDER	3452 10	1.47%
12. PEREZ, MA.GRACE G.	FILIPINO	COMMON FOUNDER	3452 10	1.47%

13. ONG, MARY FLOR G.	FILIPINO	COMMON 3452 FOUNDER 10	1.47%
14. SAMORO, RONNIE Z.	FILIPINO	COMMON 3452 FOUNDER 10	1.47%
15. DOMINGO, CARMELO JR.	FILIPINO	COMMON 3390 FOUNDER 10	1.44%
16. GONZALES, NOEL G.	FILIPINO	COMMON 3390 FOUNDER 10	1.44%
17. MINERVA, IKE T.	FILIPINO	COMMON 3390 FOUNDER 10	1.44%
18. DIANCO, FELIBERT O.	FILIPINO	COMMON 3370 FOUNDER 10	1.43%
19. GOMEZ, LUSYL M.	FILIPINO	COMMON 3360 FOUNDER 10	1.43%
20. DAULO, SYLVA L.	FILIPINO	COMMON 3350 FOUNDER 10	1.43%

C. DIVIDENDS

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stocks. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Company and other factors.

Cash dividends are subject to approval by the Company's Board but no stockholder approval is required. Property dividends which may come in the form of additional shares of stocks are subject to approval by both the Company's Board of Directors and the Company's stockholders. The SEC must also approve the payment of stock dividends.

D. Recent Sale of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

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

Item 6. Management's Discussion and Analysis or Plan of Operation.

1. PLAN OF OPERATION

The estimated time for completion of the hospital originally set in the first half of 2022 was not realized. The construction schedules as of this time, are for the remaining modifications of the architectural designs and finishes. Percentage of completion as of December 2022 is at 99.07%.The local governmental permits are now in review process and awaiting final approval. The Department of Health regulatory document requirements for the License to Operate have been submitted by the management although the remaining list of requirements are in the process of being accomplished. Alongside, hiring of additional administrative personnel and nursing staff will commence in March 2023. The remaining list of equipment needed for the opening of operation have been sent for purchase, and some are awaiting delivery and installation on site.

Inauguration of the hospital is set on the second quarter of 2023, and with all licenses put into place, the hospital will open 2nd quarter of 2023.

To support the financial requirements of the corporation during the next twelve (12) months, the management plans to meet with the Landbank of the Philippines (LBP) and request for the approval of additional financial assistance to fund completion of the facility, purchase of additional medical and hospital equipment and finance working capital and operational expenses in anticipation of opening of the hospital. To lessen loan payment duties, the management additionally included request for adjustment and modification of the remaining amortization schedules.

Furthermore, IPO shares are now almost fully subscribed as of December 2022. Reservations await confirmation and as per record, full subscription of the remaining 400 block shares is expected on or before the end of the first quarter of 2023.

The Medical Shareholders who contracted for Privilege to Practice (PTP) will be called in the first quarter for orientation of the policies and procedures on Clinic Occupancy. The individual clinic schedules will also be noted for orderly patient appointments. The construction of the clinic rooms will consequently be scheduled with completion in time for opening of the hospital operations. The Human Resource Department and the Credentialing and Privileging Committee will be in charge of the rest of the Medical Shareholders. They will work on the review of the credentials and approve medical practice privileges inherent to the specialties of the doctors.

The hospital committees continue to meet regularly, discussing preparations for the opening of the hospital. Different trainings required by the Regulatory and Accreditation bodies will be complied if not done yet. This also applies to Special Trainings for the different Ancillary and Administrative Staff as part of the preparations for the hospital operations.

At present, the hospital has seventy three (73) employees, and as we plan to open this year, a minimum of Six Hundred Ninety Four (694) employees are expected to be contracted, in compliance to the 100 bed capacity the hospital has applied for its initial operation. This number includes nurses and the rest of the direct and indirect labor force.

(1) Management's Discussion and Analysis
Results of Operations (December 31, 2022 vs December 31, 2021)

	Dec. 31, 2022	Dec. 31, 2021	Horizontal Analysis		Vertical Analysis	
			Inc./(Dec.)	%	12/31/2022	12/31/2021
Revenue	0	0	0	0.00%	NA	NA
Direct Cost	0	0	0	0.00%	NA	NA
Gross Profit	0	0	0	0.00%	NA	NA
Other Income	119,929	22,133	97,796	441.86%	NA	NA
Gross Income	119,929	22,133	97,796	441.86%	NA	NA
General and Admin Expenses	22,053,192	19,051,323	3,001,869	15.76%	NA	NA
Loss From Operations	-21,933,263	-19,029,190	-2,904,073	15.26%	NA	NA
Finance Cost	-30,288,654	-15,977,437	-24,799,652	155.22%	NA	NA
Net Loss Before Income Tax	-52,221,917	-35,006,627	-27,703,725	79.14%	NA	NA
Income Tax Expense	0	0	0	0.00%	NA	NA
Net Loss for The Year	-52,221,917	-35,006,627	-27,703,725	79.14%	NA	NA
Other Comprehensive Income/(Loss) for the Year	0	0	0	0.00%	NA	NA
Total Comprehensive Loss for the Year	-52,221,917	-35,006,627	-27,703,725	79.14%	NA	NA

Other Income

The hospital is almost done. As at December 31, 2022, it is 99.07% completed. Given so, there was no operational income/revenue generated yet. Recorded were only income earned from bank interests. Comparing ending balances, for 2021, it may be noted that the other income recognized increased by 441.86% as compared to the previous year. This may be attributed to recognition of unrealized forex gains during the year amounting to P109.9K.

General and Administrative Expenses

General and Administrative Expenses increased by 16% (P2.99M) during the year. In comparison, various expenses decreased in huge numbers. Board Meetings and Professional Fees were down by 12% and 6%, respectively. Salaries increased by 23% due to hiring of additional staff in preparation for hospital opening. The numbers for taxes increased by 800% due to licenses required by OBO which is in relation to the occupancy permit of the hospital. Balances of insurance and utility expenses were reclassified thus the zero balances.

The increase of 68% in transportation expense from last year's balance is due to processing of licenses required by DOH. The company gave up the rented storage which gave a positive effect of 81% deduction from previous year's expenses. Ads and marketing expenses increased by 23%. Miscellaneous expenses increased by 77% which may be attributed to ASM expenses recorded.

	For the Years ended Dec. 31		Horizontal Analysis	
	2022	2021	Inc./(Dec.)	%
Salaries and Allowances	12,391,189	10,114,250	2,276,939	23%
Seminars and Trainings	152,557	288,095	-135,538	-47%
Board Meetings and Meals	2,087,830	2,361,231	-273,401	-12%
Professional Fees and Legal Fees	1,693,213	1,803,246	-110,033	-6%
Security Services	1,084,372	1,848,089	-763,717	-41%
Taxes and Licenses	1,871,785	207,982	1,663,803	800%
Insurance Expense	0	144,642	-144,642	-100%
Utilities	127,511	136,494	-8,983	-7%
SSS, PHIC, and HDMF Contributions	734,057	600,173	133,884	22%
Depreciation Expense	879,938	502,103	377,835	75%
Amortization of Intangible Asset	8,333	41,667	-33,334	-80%
Transportation and Travel	67,409	40,182	27,227	68%
Rentals	9,500	50,151	-40,651	-81%
Office Supplies	258,099	393,884	-108,785	-28%
Advertising and Marketing Expenses	63,200	51,414	11,786	23%
Miscellaneous	597,199	467,720	360,638	28%
TOTALS	22,053,192	19,053,344	2,999,848	16%

Financial Condition (December 31, 2022 vs December 31, 2021)

Assets

The company's assets grew by 11.72 % in 2022. Mostly, the increase was in the part of the Construction in progress account which was expected given that the hospital construction is already 99.07% complete. Over the year, the account increased by P179.03M. On the other side, the cash ending balance was down by P2.99M, thus the 21% variance from previous balance reported.

Liabilities

Total liabilities of the company increased by 7.13% (P77.0M) in 2022 as compared to the previous year's total of P1.080M. The company borrowed money from Related Party totaling P237.8M in 2022. There were deductions, though, loans to individuals decreased by P2.23M while total bank loans also decreased by P25.1M. Loan principal amortizations started last year.

Equities

This year's ending balance for total equity is 6.32% lower than last year's. Total share capital increased to P235.67M from P235.06M. Share premiums also increased by P57.1M this year for an ending balance of 783.2M. Total deficit, however, ballooned to P-208.4M from P-145.6M in 2021.

ASSETS	Dec. 31, 2022	Dec. 31, 2021	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 12/31/2022	12/31/2021
CURRENT ASSETS						
Cash	11,514,559	14,514,332	-2,999,773	-20.67%	0.55%	0.77%
Unused Office Supplies	262,960	29,062	233,898	804.82%	0.01%	0.00%
Advances to Related Party	35,595,773	35,595,773	0	0.00%	1.70%	1.88%
Other Receivables	2,438,056	3,237,553	-799,497	-24.69%	0.12%	0.17%
Advances to Contractors	58,043,017	55,086,837	2,956,180	5.37%	2.77%	2.91%
Advances to Suppliers	1,551,654	6,671,744	-5,120,090	-76.74%	0.07%	0.35%
Prepayments	296,950	296,951	-1	0.00%	0.01%	0.02%
	109,702,969	115,432,252	-5,729,283	-4.96%	5.23%	6.09%
NON-CURRENT ASSETS						
Property and Equipment (net)	447,444,919	417,804,618	29,640,301	7.09%	21.32%	22.04%
Construction-In-Progress	1,536,817,631	1,357,724,224	179,093,407	13.19%	73.22%	71.61%
Intangible Asset (net)	0	8,333	-8,333	-100.00%	0.00%	0.00%
Other Non-Current Assets	5,015,171	5,015,171	0	0.00%	0.24%	0.26%
	1,989,277,721	1,780,552,346	208,725,375	11.72%	94.77%	93.91%
TOTAL ASSETS	**2,098,980,690**	**1,895,984,598**	**202,996,092**	**10.71%**	**100.00%**	**100.00%**

LIABILITY AND EQUITY	Dec. 31, 2022	Dec. 31, 2021	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 12/31/2022	12/31/2021
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	132,799,504	87,252,859	45,546,645	52.20%	6.33%	4.60%
Income Tax Payable	0	0	0	0.00%	0.00%	0.00%
Loans Payable to Individuals	20,766,700	23,000,000	-2,233,300	-2.56%	0.99%	1.21%
Loans Payable to Related Party	237,834,969	108,834,969	129,000,000	147.85%	11.33%	5.74%
Notes Payable - Current Portion	28,747,867	35,055,603	-6,307,736	-7.23%	1.37%	1.85%
	420,149,040	254,143,431	166,005,609	65.32%	20.02%	13.40%
NON-CURRENT LIABILITIES						
Notes Payable - net of Current Portion	857,748,031	826,262,841	31,485,190	3.81%	40.86%	43.58%
	857,748,031	826,262,841	31,485,190	3.81%	40.86%	43.58%
TOTAL LIABILITIES	1,277,897,071	1,080,406,272	77,010,406	7.13%	60.88%	56.98%
EQUITY						
Share Capital (net)	235,670,000	235,060,000	610,000	0.26%	11.23%	12.40%
Share Premium	783,283,829	726,166,619	57,117,210	7.87%	37.32%	38.30%
Deficit	-197,870,210	-145,648,293	-52,221,917	35.85%	-9.43%	-7.68%
	821,083,619	815,578,326	51,518,012	6.32%	39.12%	43.02%
TOTAL LIABILITIES AND EQUITY	**2,098,980,690**	**1,895,984,598**	**202,996,092**	**10.71%**	**100.00%**	**100.00%**

	2022	2021
Cash and Cash Equivalent	Hospital construction is almost done, thus, funds that come in would instantaneously be used to pay off company obligations.	Cash is the most used resource of the company because of the construction of the hospital. Whatever amount that's received, it is automatic that it will be used for the construction.
Advances from Related Party	These represent the amount of equipment already paid by the company but still in the indentor's custody.	These represent the amount of equipment already paid by the company but still in the indentor's custody.
Advances and Other Receivables	Among those taken up under the account are down payments made to contractors and suppliers. These are being recouped gradually as their work progresses.	
Property and Equipment (net)	These are machines that are already in the possession of the hospital ready for use when it opens.	
Construction-In-Progress	Construction is almost done at **99.07%**. The hospital is expected to open its doors to the public this 2nd half of 2022. Year-end balance of the account increased by P179.09M from last year's.	Construction is almost done at **97.36%**. The hospital is expected to open its doors to the public this 2nd half of 2022. Year-end balance of the account increased by P142.0M from last year's.
Other Non-Current Assets	Recorded as deposits to MORE Power Corp is P5.0M and the remaining unused rentals of P15.0K with IMS.	
Accounts Payable and Other Liabilities	Accounts payable and other liabilities increased by 52% from last year's balance of P87.2M. The increase was mostly attributed to the advances made IFO new contractors engaged for the finishing touches of the hospital. This accounted for 57%. Retention payable was 38%, and the rest of the amounts account for 5% of the total.	The balance reflected at year end is about 10% less than what was last year of P96.6M. 50% of the account is Retention Payables. Payables to suppliers and contractors account for 42.5%. Government liabilities account for 0.5%. Accruals get the remaining 7%.
Notes Payable	LBP loans as at end of December 2022 amounts to P886,495,898.00. Total principal amortizations this year amount to P35.0M	LBP loans as at end of December 2021 amounts to P861.318,444.00. Total principal amortizations done this year amount to P15.0M
Loans Payable to Related Party	Phil Pharmawealth, Inc., a related party account, extended a loan to the company to help finance for construction of the hospital building. Additional financial assistance was made this year amounting to P129.0M. To date, the total amount stands at P237.8M.	Phil Pharmawealth, Inc., a related party account, extended a loan to the company to help finance for construction of the hospital building. To date, the total amount stands at P108.8M.
Loans Payable to Individuals	The account is gradually liquidated. As of Year-end 2022, account balance stands P20.0M.	The account is gradually liquidated. As of Year-end 2021, account balance stands P23.0M.
Capital Shares	Total capital shares amount to P235.67M, accounting for 235,670 shares sold/subscribed. That is 98.82% of 240K total outstanding shares.	Total capital shares amount to P235.06M, accounting for 235,060 shares sold/subscribed. That is 97.94% of 240K shares.

Share Premiums	Net share premium for 2022 is P783.2M. This is P57.0M higher than last year's P726.2M.	Net share premium for 2021 is P726.2M. This is P72.7M higher than last year's P653.5M.

Results of Operations	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Revenue	0	0	0
Gross Profit	0	0	0
Other Income	119,929	22,133	107,317
General and Admin Expenses	(22,053,192)	(19,051,323)	(25,904,499)
Finance Cost	(30,288,654)	(15,977,437)	(13,830,175)
Total Comprehensive Loss for the Year	(52,221,917)	(35,006,627)	(37,263,036)
Total Resources	2,098,980,690	1,895,984,598	1,488,628,779

The opening of the hospital has been moved several times, from 2021 to 2022 and then now in the second half of 2023. Other than the devastating effect of the pandemic, which greatly affected the mobilization of equipment and manpower, APMC Iloilo is moving towards strengthening its thrust to be a state-of-the-art hospital in Iloilo City. A number of adjustments in the designs and construction were all employed for the purpose of compliance to DOH requirements and readiness to future medical emergencies and concerns, such as Covid 19 and also enhancing the aesthetic value of the hospital along the way.

For the same reasons, income generation out of operations was of course affected. To date, other income generated and recognized by the company covers only those earned from interest from bank deposits. However, given that there are already people working for the company, thus, administrative and construction expenses were already incurred and recorded.

Key Performance Indicators (KPIs)

		2022	2021
LIQUIDITY			
Quick Asset Ratio	Cash + Cash Equivalent + Current Accounts Receivable/ Current Liabilities	0.26 : 1	0.45 : 1

Remarks:

Company resources are a little low as of this time given the on-going construction. As such, the quick asset ratio of the company does not show much of a good number. The hospital is expected to finish construction and start operations this second semester of 2023, once operational, it is expected that cash and other current assets will reflect more positive data.

Current Ratio	Current Assets/ Current Liabilities	0.26 : 1	0.45 : 1

Remarks:

The hospital is on the last stretch of construction. It is almost done at 99.07% completion stage. Company resources are being channeled to this construction and because of this, present current ratio does not show much of an attractive information. It is expected to be better when the hospital starts its operation this 2023.

SOLVENCY			
Debt to Equity Ratio	Long Term Debt / Equity	1.04 : 1	1.01 : 1

Remarks:

Slowly, the company's debt to equity ratio is getting better. With the enhanced selling of shares and eventually, collection of payments, we are positive that in no time the financial data will be more attractive.

PROFITABILITY

Net Profit Margin	Net Income / Sales	NA	NA

Remarks:
Data is not yet available. Hospital is not yet operational.

Return on Equity	Net Income / Stockholders' Equity	NA	NA

Remarks:
Data is not yet available. Hospital is not yet operational.

LEVERAGE

Debt to Total Asset Ratio	Total Debt / Total Asset	0.61 : 1	0.57 : 1

Remarks:
At present, most of the resources of the company go to the construction of the hospital. The company also source out funds to finance this construction. Thus, the loans with LBP. When the hospital opens, start its operations, and pay off the loans entirely, the numbers reflected will be much better.

Asset to Equity Ratio	Total Asset / Total Equity	2.57 : 1	2.32 : 1

Remarks :
At this point, the company sourced some funding from various groups to help in the construction of the hospital. Thus, the loans. Presently, the company has started paying for the loan amortization. Another source of funds is the sale of securities. The proceeds of these sales would boost the numbers for the equity accounts. The hospital is scheduled to open in the 2nd half of 2023. And hopefully positive things will flow in and operational expectations will be fulfilled. As at present company assets are 257% of its equity.

INTEREST RATE COVERAGE RATIO

Interest Rate Coverage Ratio	Earnings Before Interests & Taxes / Interest Expenses	NA	NA

Remarks:
Data is not yet available. Hospital is not yet operational.

December 31, 2022

1. The company has not been involved in any tax and/or regulatory assessments.
2. There has been no off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
3. There are no seasonal aspects that had a material impact on the results of operations of the company.
4. There are no events nor any default acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the company.
5. The company intends to commence its operations in the 2nd half of 2023 when the hospital facility will be completed and the regulatory requirements and licenses have been secured.
6. The company has no investments on foreign securities.

2020 compared to 2019

Given that the hospital is in full swing, company resources, especially cash has been depleting. Also, the pandemic affected the sales of securities which eventually affected the construction of the hospital. Despite the odds, the hospital was able to continue, though slowly. Instead of pushing for the original plans of opening the hospital in 2020, the company decided to delay the opening in 2021.

2021 compared to 2020

The world still suffered the effects of the pandemic. The year 2021 experienced the surge of the Delta variant of COVID 19 which eventually pushed further the opening of the hospital to 2022. In the last part of the year, settlements of uncollected subscriptions were prioritized. Also, COVID cases slowed down, thus, opening options for various modes of transportation and other business opportunities.

2022 compared to 2021

When the year 2022 opened, everyone was positive for a good year ahead. Indeed, it was a good year. Transactions were back to ALMOST normal. Constructions went a lot faster because of the clearance of several obstacles that were barring the flow of transactions before. The sales of shares have been aggressive and the collection process, especially for those that have gone dormant, have been reinforced. As of the end of December 2022, construction completion rate is at 99.07%. Barring additional delays, the hospital will certainly open in 2023.

Item 7. Financial Statements

The 2022 Audited Financial Statements of the Company (with the External Auditors' PTR, Name of Certifying Partner and Address) and Statement of Management's Responsibility are attached hereto as **Annex A**.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with Dimaculangan, Dimaculangan and Company CPAs for years 2022, 2021 and 2020 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope and procedures.

Note 3, Transition to the PFRS, to the financial statements provide discussion on the change in the financial reporting framework, pursuant to the Securities Regulation Code Rule 68, as Amended (2011), including adjustments made on prior period correction of errors in classification of accounts.

EXTERNAL AUDIT FEES AND SERVICES

The External Audit or has rendered:

Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years.

Other assurance and related services that are reasonable related to the performance of the audit or review of the registrant's financial statements.

The Audit Committee has approved the above mentioned services
The aggregate fees billed are shown below:
Fees approved inconnection with the assurance rendered by Dimaculangan, Dimaculangan and Company CPAs pursuant to the regulatory and statutory requirements for the years ended December 31, 2022 amount to P246,400.00 inclusive of 12% VAT, December 31, 2021 amount to P268,000.00 inclusive of 12% VAT, December 31, 2020 amount to P399,632.00 inclusive of 12% VAT and December 31, 2019 amount to P674,172.00 inclusive of 12% VAT.

Year	2022	2021	2020	2019
Audit Fees	220,000.00	200,000.00	200,000.00	250,000.00
Value Added Tax	26,400.00	24,000.00	24,000.00	30,000.00
All Other Fees	0	44,000.00	175,632.00	394,172,00

There are no tax engagements done by Dimaculangan, Dimaculangan and Company CPAs for 2022.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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. The Board consists of fifteen (15) members, of which three (3) are independent directors.

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

Name	Age	Position	Citizenship	Period during which individual has served as such
Biron, Ferienel G.	58	Chairman	Filipino	2014 to present
Lavilla, Meride D.	59	Vice Chairman	Filipino	2014 to present
Lavalle, Amado Jr.	59	President	Filipino	2014 to present
Regozo, Danilo C.	59	Executive Vice President	Filipino	2014 to present
Gomez, Luzyl M.	63	Director	Filipino	2017 to 2018 (ID) ; 2020 to present
Villaflor, Agnes Jean M.	58	Director/Treasurer	Filipino	2014 to present
Fernandez, Lemuel T.	55	Director/Asst. Treasurer	Filipino	2018-2020 (I.D.); 2020 to present
Dianco, Felibert O.	48	Director	Filipino	2020 (ID); 2020 to present
Nolasco, Felix	70	Director	Filipino	2014 to 2017; 2020 to present
Samoro, Fredilyn G.	57	Director	Filipino	2014 to present
Suplico, Rolex T.	63	Director	Filipino	2020 to present
Ramirez, Ruben B.	63	Director	Filipino	September 29. 2022 to present
Debuque, Ma.Teresa F.	60	Independent Director	Filipino	2021 to present
Comuelo, Jerusha A.	55	Independent Director	Filipino	2020 to present
Gonzales, Noel J.	61	Independent Director	Filipino	September 29. 2022 to present

All the above individuals were elected as Board of Directors and Officers of the Corporation for the year 2022 until their successors are elected during the Annual Stockholders meeting of ASIA PACIFIC MEDICAL CENTER –ILOILO, INC., (Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO, INC.) held on 29 September 2022.During the Organizational Meeting on the same day, Ma. Teresa F. Debuque was elected as Lead Independent Director and Dr. Lavilla, Mr. Fernandez were re-elected as Vice Chairman, Assistant Treasurer. The Compliance Officer, Atty. Maylene B. Villanueva was re-elected as Corporate Secretary in the same meeting until a more suitable candidate for the position becomes available. The newly elected directors of the company were Dr. Ruben B. Ramirez and Independent Director Mr. Noel J. Gonzales

The business experience of each of the directors of the Company for the last five (5) years is as follows:

Ferjenel G. Biron, MD
Director / Chairman

Dr. Biron is the Chairman of the Asia-Pacific Medical Center (APMC) group of hospitals (Aklan, Bacolod and Iloilo) which were separately incorporated in December 2014 (Asia Pacific Medical Center-Iloilo, Inc.), September 2017 (Asia Pacific Medical Center - Bacolod, Inc.) and December 2017 (Asia Pacific Medical Center- Aklan, Inc.). He was also the President of the said hospitals from the time of incorporation until June 2020 in APMC Aklan, August 2021 in APMC Iloilo and August 2022 in APMC Bacolod.

He is also the Founding President and CEO of Phil Pharmawealth until 2004 and served as Chief Executive Officer of Endure Medical Inc. in 2020-2021. He is also the current President of Aesthetica Manila, Inc., and Smartlab Diagnostics, Inc. and the Chairman of Botikang Pinoy, Inc. and Super BP Mart Corporation. He was elected Congressman of the Fourth (4th) District of Iloilo from 2004 -2013 and 2006-2019 and again reelected in 2022 and previously served as Chairman of the Committee on Legislative Franchises and Committee on Trade and Industry.Under the present Congress, he is a member of the Commission on Appointments. He is a member of the Board ofDirectors of Allied Care Experts (ACE) Medical Center – Butuan Inc., Allied Care Experts (ACE)Medical Center – GENSAN Inc. and Allied

Care Experts (ACE) Medical Center – Cagayan deOro, Inc. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctors College. He also took a course in Master in Business Economics from the University of Asia and the Pacific.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021 and the Master class in Complete Staff Work conducted by the Center for Global Best Practices on September 15-17, 2021 and September 20-22, 2021. He also attended the Family Business Governance training of the Institute of Corporate Directors last March 17-18, 2022.

Dr. Biron graduated Magna Cum Laude with a degree in B.S. Biological Sciences at Western Visayas State University in 1985. He continued his Medical School in the same University and graduated in 1989 and had his Post Graduate Internship at Western Visayas Medical Center Hospital in 1989-1990. In 1999, he completed the Manufacturing and Finance Course for Senior Executives School at Asian Institute of Management. He attended the University of Asia and the Pacific taking up Strategic Business Economic Planning leading to a Master in Business in Economics in 2014. He is a thesis away from completing the Master in Hospital Management program of Cebu Doctors College.

Amado M. Lavalle Jr., MD
Director / President

Dr. Lavalle Jr. is the current President of the Company. He served as Executive Vice President of the Company from August 2019 until he was elected President in August 2021.He was the Vice Chairman of the Board from June 2016 to August 2019 and has been one of the Directors of the Company since 2014. Dr. Lavalle was a Training Officer from 1997 to 2004 and the Chairman from 2005 to 2011 of the Department of Surgery of St. Paul's Hospital. He is also a Consultant of West Visayas State University Hospital Medical Center, Department of Surgery from 1998 to present and Western Visayas Medical Center from 1998 to 2017. Dr.Lavalle served as the Secretary from 1998 to 2001 and President from 2002 to 2003 of the Philippine Society of General Surgeons, Panay Chapter. He also became a member of the Board of Directors of Philippines College of Surgeons Panay Chapter from 1998 to 2002. Dr. Lavalle was a consistent honor student from Elementary to College. He finished his Bachelor of Science in Biological Sciences at West Visayas State University 1984 and graduated Magna Cum Laude. He continued his Medical Studies in the same University until he graduated in 1988. He had his Post – Graduate Internship at St. Paul's Hospital from 1988 to1989. Dr.Lavalle had his residency training in General Surgery from 1990 to 1994 in the same hospital. He had his Fellowship Training in Surgical Oncology at UP- PGH in 1996. He is presently taking his Master of Arts in Hospital Administration at Cebu Doctor's University and currently on thesis writing.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. After he was elected President, he attended the Professional Directors Program of the Institute of Corporate Directors Batch 72 held on September 28-29, 2021, October (6,7,12,13,26 & 27), 2021 and November 4-5, 2021.

Meride D. Lavilla, MD
Director / Vice Chairman

Dr. Lavillais the current Vice Chairman of the Board. She had also served the Company as Assistant Corporate Treasurer from December 2014 to May 2016 and was the Corporate Secretary from June 2016 until she stepped down to become Assistant Corporate Secretary in September 2019, a position she held until her election as Vice Chairman in August2021. Dr. Lavilla was also the Corporate Secretary of Healthlink Inc. for 3 years and member of its Board of Directors for 5 years. She also served as the Corporate Treasurer from 2017 to 2018 and Assistant Corporate Treasurer from 2018 to present of Asia Pacific Medical Center Bacolod Inc. She is the Vice President of Asia Pacific Medical Center (APMC) - Aklan Inc. since 2018. She had been a Director of Allied Care Experts Medical Center Cagayan de Oro Inc. From 2016 and is the current Assistant Corporate Treasurer of the corporation. She is also a Founding Member of Allied Care Experts (ACE) Medical Center-Butuan, Inc., and Allied Care Experts (ACE) Medical Center – GENSAN. Dr. Lavilla served as Chairman of Excel Global Inc. from 2017-2020.

Dr. Lavilla is a member of the Philippine College of Occupational Medicine and is a Medical Retainer for Vitarich Corporation from 2009 to date and Angelina Bakeshop from 2008 to 2020.

Dr. Lavilla took Bachelor of Science in Biology and graduated Cum Laude from West Visayas State

University in 1984. She had her medical studies at West Visayas State University, College of Medicine in 1988.She had her Post-Graduate Internship at St. Paul's Hospital in the year 1988-1989 and had her residency training in Pediatrics and became the Chief Resident at West Visayas State University Medical Center from 1990 to 1993. She became a Diplomate of the Philippine Pediatric Society in 1998 and a Fellow Member in 2014. She has been a Clinical Preceptor in Pediatrics for 2nd and 3rd year Medical Students of West Visayas State University, College of Medicine from 1994 to present. She is completing her thesis for Master of Arts in Hospital Administration at Cebu Doctors University. Aside from being a Physician, Dr. Lavilla is also a Registered Nurse.

As one of the Directors of the Company, she had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021 the training on Best Practices in Corporate Housekeeping conducted by the Center for Global Best Practices on January 12, 13 & 28, 2022.

Danilo C. Regozo, MD
Director / Vice President

Dr. Regozo is the current Executive Vice President of the Company and the concurrent Head of the Construction Committee. He is also the Executive Vice President of Asia Pacific Medical Center - Bacolod Inc. since 2017 and a Director in Allied Care Experts Medical Center Butuan Inc. and Allied Care Experts Medical Center, GENSAN Inc. since 2016 and Asia – Pacific Medical Center-Aklan, Inc. since 2017.

Dr. Regozo is the owner of Farmacia Neo and Regozo Family Medicine Clinic.He is also an Associate Member of the Philippine College of Occupational Medicine from 1994 to present. He was the Treasurer from 2001 to 2003 and Vice President from 2003 to 2004 of the Philippine Academy of Family Physicians, Iloilo Chapter. Moreover, Dr. Regozo was the Assistant Secretary from 2014 to 2016, Vice President from 2016 to 2018 and a member of the Board of Directors of Iloilo Medical Society from 2018 to 2019. Dr. Regozo graduated at the University of the Philippines with a degree in Bachelor of Science in Fisheries in 1983. He finished his Bachelor of Science in Biological Sciences at West Visayas State University in 1984. He then completed his Medical Degree at West Visayas State University, College of Medicine in 1988.Dr. Regozo had his Post-Graduate Internship at St. Paul's Hospital in 1988.In 1999, he was conferred as Diplomate in Family Medicine. Aside from being a Physician, Dr. Regozo is also a registered Nurse. Currently, Dr. Regozo is writing his thesis for his Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021 and the training on Best Practices in Strategy Execution, conducted by the Center for Global Best Practices on October 28, 2021. He also attended the Risk Management in the Age of Covid 19 training conducted by the Institute of Corporate Directors on April 28, 2022.

Agnes JeanM. Villaflor, MD
Director/Treasurer

Dr. Villaflor is the Corporate Treasurer of the Company since June 2016 and has been one of its Board of Directors since 2014. She also served as Assistant Corporate Secretary of the company from December 2014 to May 2016 prior to her election as Corporate Treasurer. She is also the Medical Director of M3 Dialysis Center from 2007 and the Medical Director and Secretary of Renal Specialty Inc. from 2016 to present. She is a Training Officer at West Visayas State University Medical Center Department of Internal Medicine and a Professorial Lecturer at the College of Medicine of West Visayas State University and Central Philippine University. Dr. Villaflor took her Bachelor of Science in Biological Science at the University of the Philippines in the Visayas and her medical studies at West Visayas State University. She had her Post-Graduate Internship at Western Visayas Medical Center and her residency training in Internal Medicine at West Visayas State University Hospital. She had her Fellowship Training at Philippine General Hospital in Nephrology. She is completing her Masteral studies in Hospital Administration at Cebu Doctor's University.

As one of the Directors of the Company, she had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021 and the training on Best Practices in Strategy Execution, conducted by the Center for Global Best Practices on October 28, 2021. She attended the training on Finance for Directors conducted by the Institute of Corporate Directors on May 10-11, 2022. She also attended Best Practices in Financial and Operational Budgeting conducted by the Center for Global Best Practices on September 7, 2022.

Lemuel T. Fernandez
Director/Asst. Treasurer

Mr. Fernandez was elected as Regular Director of the Company after his resignation as Independent Director of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.), a position he occupied from August 2018 to February 2019. He has been an Editor in Chief of The Daily Guardian since 2002. He was the President of Rotary Club of Iloilo in 2016 and past President of Iloilo Press Club. Mr. Fernandez finished his Degree in Bachelor of Arts at UniversityofIloiloin1988.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. He attended the training on Finance for Directors conducted by the Institute of Corporate Directors on May 10-11, 2022. He also attended Best Practices in Financial and Operational Budgeting conducted by the Center for Global Best Practices on September 7,2022.

FelibertO.Dianco, MD
Director

Dr. Dianco was elected as regular Director on 26 August 2021. He had also served as Independent Director of the Company from 29 October 2020 to 26 August 2021. He finished his Doctor of Medicine at WVSU College of Medicine. He trained as Internist at West Visayas State University Medical Center and continued on his fellowship training on Adult Cardiology and Non Invasive Cardiology at the Philippine Heart Center and published several papers during his training. He is also a Professorial Lecturer at West Visayas State University,College of Medicine and Central Philippine University, College of Medicine. Currently, he is the Assistant Chair of the ICU Committee of West Visayas State University Medical Center. He had been a President of the Philippine HeartAssociation Western Visayas – Panay Chapter for two (2) years and is currently a member of the Board of Directors of PCP -Panay Chapter. He also studied Master in Hospital Administration at Cebu Doctors' University.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021 and and attended the training on Best Practices in Corporate Housekeeping, conducted by the Center for Global Best Practices on January 12,13 & 28, 2022.

Lusyl M. Gomez MD
Director

Dr. Gomez was the Assistant Corporate Secretary of the Company from August 26, 2021 to September 29, 2022. She was also the Assistant Corporate Treasurer from October 2020 to August 2021 and the Vice President for Finance of the Company in 2018 up to the present. She previously served as Independent Director of the Company from September 2017 to August 2018 and was elected as Regular Director in October 2020. She is a Diplomate member of the Philippine Pediatric Society and a member of the Philippine College of Occupational Medicine. She served as Treasurer and Member of the Board of Healthlink (Iloilo), Inc. For four (4) years and twelve (12) years respectively up to the present. She is the Member of the Board of Directors of Wellness Medical Pharma for six (6) years and a Treasurer for four (4) years. She is a Professor at the School of Dentistry of Iloilo Doctors College for three (3) years and was a school physician at St. Therese College and STI College for three (3) years. She is also the Vice President for Operations of Excel Global Inc. since 2016 up to 2019. She is also the Head of Operations of Ipedcare Plus Pharmacy (2021). She is a graduate of B. S. Biology and Medicine of West Visayas State University. She had her Post Graduate Internship and Residency Training at Iloilo Doctor's Hospital. She is currently working on her thesis for Master of Arts in Hospital Administration in Cebu Doctor's University.

As one of the Directors of the Company, she had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021 and the training on Best Practices in Corporate Housekeeping conducted by the Center for Global Best Practices on January 12,13 & 28, 2022. She also attended training on Finance for Directors conducted by the Institute of Corporate Directors on May 10 -11, 2022.

Felix P. Nolasco, MD
Director

Dr. Nolasco is a Maxillofacial – Plastic Otolaryngologic – Head and Neck Surgery Specialist who was re-elected as Director of the Company in October 2020 and continues to serve as such up to present. He had previously served the Board from December 2014 to September 2017. He is presently the Chairman of Sto. Tomas Doctor's Hospital Medical Center and was a Member of the Board of Directors of Allied Care Experts Medical Center Cebu from2019 to 2020; Allied Care Experts Medical Center Pateros and Allied Care Experts Medical Center Quezon City for approximately seven (7) years and Allied Care Experts Medical Center Dumaguete for five (5) years.He previously held the following positions: President of Unihealth Baypointe Hospital Medical Center, Vice President of ACEMC Bohol, Inc., Vice - Chairman ofACEMC - Baliwag, Medical Director and Administrator of Unihealth Paranaque Hospital and Medical Center.

On the Academic side he was the President of the Philippine Board of Otolaryngology-Head and Neck Surgery in 2020, President of the Phil. Society of Otolaryngology - Head and Neck SurgeryInc. In 2005, Founding Chairman of the Phil Academy of Cranio Maxillo Facial Surgery, PSOHNS and Founding Director of the Otolaryngologic Maxillofacial Aesthetics Center at East Avenue Medical Center – a DOH Hospital.

He was a Chairman of the ENT-HNS, East Ave Med. Center for nineteen (19) years and retired in 2017 as Chairman Emeritus. He was also a Former Executive Officer of the ENT-HNS Jose R. Reyes Memorial Medical Centerand Consultant of Department of Otolaryngology, UP – PGH Medical Center.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. He also attended the training on Best Practices of Effective Boards conducted by the Center for Global Best Practices on February 8, 2022.

Ruben B. Ramirez

Dr. Ramirez is a fellow of NMRF. He is a consultant of Radiology at Iloilo Doctor's Hospital, West Visayas State University Medical Center, Panay Health Cooperative, Antique Medical Center, Plaza Libertad Medical Specialists Center, Midwest Urology and Stone Center and Family Clinic (Family Diagnostic Center). He was also a Radiology consultant of St. Paul's Hospital for eight (8) years.

He finished his Doctor of Medicine at the Far Eastern University –NMRF and Bachelor of Science in Zoology in the Far Eastern University.

Fredilyn G. Samoro, MD
Director

Dr. Samoro has been one of the Directors of the Company since 2014. She served as Vice Chairman of the Board of Directors from August 2019 to October 2021 and was also previously the Vice President for Marketing. She is also the President of Allied Care Experts (ACE) Medical Center Inc., Butuan and Allied Care Experts (ACE) Medical Center – GENSAN. She is the School Head/Chief Operations Officer of Iloilo Integrated School from 2005 to present and MD Check Iloilo Inc. from 2009 to present. She is one of the Founding Members / Board of Directors of Healthlink Iloilo (2005 to present), Iloilo Integrated School (2001 to present) and MD Check Iloilo Inc. (2009 to present).

Dr. Samoro also served as Vice President of Philippine Obstetrical & Gynecological Society,Panay Chapter in 2013, and President of Philippine Obstetrical and Gynecological Society in 2014.SheisaPast Treasurer in the Council of Presidents of ACE Medical Center. Presently,she is writing her thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Directors of the Company, she had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. She also attended a training for 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) both conducted by the Center for Global Best Practices on 21-23 April 2021 and 16 – 17 July 2021 respectively. Dr. Samoro also attended the training on Best Practices of Effective Boards conducted by Center for Global Best Practices on February 8, 2022.

Atty. Rolex T. Suplico
Director

Atty.Suplico was first elected as Director of the Company in October 2020. He is one of the country's foremost experts in telecommunications, radio and television broadcast and franchise laws. He is the President of Great Odysseus Security Agency, Inc. IKEA Philippines' exclusive security provider and R25

Manpower Services Corp.,a manpower corporation. He is a founding member of the law firm of Suplico, Austria and Marbella which is engaged in the general practice of law with offices at 18 B Pet Plans Tower, 444 EDSA, Makati City, Metro Manila. He served as Iloilo Vice Governor from 2007-2010. He was a Deputy Minority Leader of the House of Representatives and member of the Commission of Appointments from 2004-2007.From 1998-2007, he represented the Province of Iloilo's Fifth District as Congressman. He was also elected as Iloilo Provincial Board Member in 1995. He finished his A. B. Political Science at the College of Arts and Sciences at UP Diliman in 1983 and his Bachelor of Laws at the UP College of Law in 1989 and passed the 1989 Bar Examinations.

As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. He also attended Roles, Responsibilities & Liabilities of Board of Directors conducted by Center for Global Best Practices on September 5, 2022 and ESG Strategy: A Boardroom Topic for Directors conducted by Institute of Corporate Directors on December 9, 2022.

Jerusha A. Comuelo, MD
Independent Director

Dr. Comuelowas first elected as Independent Director in October 2020. She is a Speaker/Reactor of different Philippine Pediatric Society Accredited Hospitals in Western Visayas Chapters and pharmaceutical and nutritional companies. Currently, she is the Chairperson of the Department of Pediatrics of West Visayas State University Medical Center and West Visayas State University College of Medicine.She has been the Treasurer of the Iloilo Neuroscience Group, Inc. since 2015.Dr. Comuelo had Pediatric Residency Training at WestVisayas State University and served as Chief Resident during her year of training. Thereafter,she pursued subspecialty training in Pediatric Neurology at Philippine Children's Medical Center. She is a Life Member of the Philippine Medical Association and a member of Child Neuro Society of Philippines, Philippine League against Epilepsy and Asian Oceanian of Child Neurology. She is working on her thesis for Master in Hospital Administration at Cebu Doctor's University.

As one of the Directors of the Company, she had attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. She also attended the training on Best Practices of Effective Boards conducted by Center for Global Best Practices on February 8, 2022. She also attended the Training on Finance for Directors conducted by the Institute of Corporate Directors on May 10-11, 2022.

Ma. Teresa F. Debuque
Independent Director

Ms. Debuque became an Independent Director on 26 August 2021. She is currently the Municipal Vice Mayor of Anilao, Iloilo. She served as the first woman President of the League of Municipalities of the Philippines-Iloilo Chapter in 2010-2013 and the first lady mayor of Anilao from 2007 to 2016. She has also been a mentor of the Local Government Academy of the Philippines for its Mentoring for Optimal Leadership and Development Program (MOLD) in 2016, a participant to the International Benchmarking Program of DILG on Federalism and Good Governance in 2017 at Washington DC, USA in 2017 and a panelist by the European and the Polish Presidencia of the Council of European Union during the European Development Days at Warsaw, Poland in 2011. She is a member of the Zonta Club Iloilo City II serving as its president from 2009 to 2013.

Vice Mayor Debuque is a graduate of BS Psychology, A.B. Economics and Bachelor of Laws of the University of San Agustin. She has earned units in Masters in Hospital Management from Cebu Doctors College.

She was awarded the Punong Bayan Award of Excellence by the League of Municipalities in2010; Presidential Lingkod Bayan Regional Awardee/National Semi-Finalist by the Civil Service Commission in 2011; Gawad Parangal for Outstanding Local Chief Executive by the Association of Social Welfare and Development Officers of the Philippines in 2011; and the USA Alumni Achievement Award in the field of Government Service in 2014 by the University of San Agustin.Anilao under her leadership also became a multi-awarded local government unit from 2009 – 2016 receiving among others the Red Orchid Award from DOH, Seal of Good Housekeeping from DILG in 2010 and 2011, Gawad Pamanang Lahi Award in 2012 and a Best Performing Local Government Unit of Region Vicitations in 2009 – 2011 by the DILG.

As an Independent Director of the Company, she had attended the Roles, Responsibilities & Liabilities of Board of Directors conducted by the Center for Global Best Practices on November 19,2021.

Noel J. Gonzales
Independent Director

Mr. Gonzales became an Independent Director on 29 September 2022. He is the Founder/Proprietor/General Manager of Muebles Italiano (1989 to present), the top provider of authentic European and modern furniture in the Philippines. He is the Founder, President and CEO of the St. Joseph the Worker Builders & Realty Inc.(2002 to present) and Disegno Di Milano, Inc. (2015 to present). He is also a Director of Gala Curated Settings Corp. (2018 to present).

He finished his Bachelor of Science in Business Administration fromUniversity of East, Cum Laude. He also attended the Graduate School of Business Dynamic Sales Management of the Ateneo de Manila University and took Master in Business Economics in the University of Asia and the Pacific. He attended the Corporate Governance Orientation Program conducted by the Institute of Corporate Directors on October 27, 2022.

TERM OF OFFICE

Pursuant to the Company's By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns,dies or is removed prior to election to such.

OFFICERS

The table below sets forth Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center – Iloilo, Inc.) executive officers in addition to its executive directors listed below as of December 31, 2022.

Name	Age	Position	Citizenship	Period during which individual has served a ssuch
Maylene B. Villanueva	42	Corporate Secretary and Compliance Officer	Filipino	August 2019 to present February 2019 up to present
Elmer Z. Samoro	52	Chief Finance Officer	Filipino	February 2019 up to present
Gerald Joe C. Abonado	59	Hospital Administrator	Filipino	September 2019 to present
Analie L. Generoso		Assistant Corporate Secretary	Filipino	October 2022 to present
Toni Dinah Cheer D. Fernandez		Investor Relations Officer/ Data Protection Officer	Filipino	May 2021 to present

MAYLENE B. VILLANUEVA
Corporate Secretary

Atty.Villanueva is the Corporate Secretary and Compliance Officer of the Company. She is also the President of TIPP Digital Solutions,Inc., an IT solutions company and Managing Partner of Villanueva, Balio and Ariston Law Offices. Her core practice as a lawyer includes government procurement, intellectual property, data privacy, labor and other corporate laws. She is also the Compliance Officer of Asia Pacific Medical Center (APMC) - Aklan, Inc. Since July 2021 and Asia Pacific Medical Center (APMC) – Bacolod since April 2022. She is the Vice President for Legal Affairs and Human Resource of Phil Pharmawealth, Inc. and a resident counsel for its affiliate companies since 2012. She also served as Acting President of Phil Pharmawealth Inc. from September 2021 to April 2022. She concurrently serves as Corporate Secretary of Quiklab Diagnostics, Inc., Aesthetica Manila Inc. And Smartlab Diagnostics Inc. She is a Private Sector Representative in the Board of Trustees of Iloilo State University of Fisheries, Science and Technology. She was an active member of Junior Chamber International Philippines and served the organization in various capacities such as being an Area Vice President for Area 4 – Visayas in 2020, General Legal Counsel in 2019 and Regional Vice President for Western Visayas in 2016 after she served the local organization JCI Barotac Nuevo Tamasak as its Revival President from two years (2013-2014). She was conferred the JCI Senatorship on May 6, 2022 by the Junior Chamber International. She obtained her degrees in Law and Broadcast Communication in the University of San Agustin and University of the Philippines in the Visayas respectively.

She is a Certified Compliance Officer by the Center for Global Best Practices and an Associate Member of the Institute of Corporate Directors. As Corporate Secretary of the Company, she had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021. She is also a Certified DataProtection Officer by the UP Open University and a Certified Level 2 Public Procurement Specialist by the GPPB-UP National Engineering Center program partnership. She attended the Professional Directorship Program Batch 72 conducted by the Institute of Corporate Directors and had also attended the Masterclass in Complete Staff Work on September 15-17, 2021 and September 20-22, 2021 and training on Best Practices in Digital Transformation Risk Management on December 2-3, 2021 conducted by the Center for Global Best Practices.She also attended the trainings on Family Business Governance on March 17-18, 2022, Corporate Secretary as Corporate Governance Professional on June 16-17, 2022, Distinguished Corporate Governance Speaker Series on 24 June 2022 and Sustainability Strategy and Training (aGRIaccreditedtraining) on August 10-12, 2022, which were all conducted by the Institute of Corporate Directors.

ATTY. ANALIE L. GENEROSO
Assistant CorporateSecretary

Atty. Generoso is the Assistant Corporate Secretary of the Company. She was the Legal Manager for Contracts and Internal Affairs of Premium Megastructures Inc.(PMI) after her engagement as Corporate Counsel of Huayou Construction Development Corporation and Specified Contractors and Development Inc.(SCDI),respectively. She was also a Legal Counsel of Phil Pharmawealth Inc. (PPI) and Endure Medical Inc. (EMI).Prior to joining these companies, Atty. Generoso was Attorney III of the Aurora Pacific Economic Zone (APECO). Aside from corporate related practice, she was also the litigation lawyer for criminal and civil cases of the law firms where she was previously connected.

She is one of the Filipino participants to the Essential General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) Revisiting the Fundamentals course, organized by the National University of Singapore (NUS) Centre for International Law last July - August 2021.

ELMER Z. SAMORO
Chief Finance Officer

Mr. Samoro is the Chief Finance Officer of the Company. He is also the Chief Operating Officerof Healthlink (Iloilo), Inc. His other previous employment was with MetropolitanBank and TrustCompany.He graduated from Central Philippine University in 1991 with a Commerce degree major inAccounting. He also Attended Best Practices in Financial and Operational Budgeting conducted by Center for Global Best Practices on 6 – 7 September 2022.

GERALD JOEL C. ABONADO, MD
Hospital Administrator

Dr.Abonado is the Hospital Administrator of the Company. He was the Chief of Hospital of Ramon D. Duremdes District Hospital in Dumangas, Iloilo from March 2017 to July 2019 andhadbeentheDirectorof Administration of The Medical City Iloilo from March 2012 to 2014 andMedical Director of Saviour International Hospital Iloilo City from March2009 to 2010. He was elected as a member of Board Regents (Private Sector Representative) in West Visayas State University in August 2022. He is a member of Philippine College of Geriatric Medicine Specialty Board sinceOctober 2012 and Council Member of the Gerson Lehman Group sinceNovember2011.

Dr. Abonado attended the following trainings during his stint in the company: Risk Management in Healthcare during Pandemic on 28-30 October 2020 conducted by Healthcore Academy. Infection Prevention and Control for Hospitals, Clinics and Isolation Facilities on 25 – 27 November 2020 conducted by Healthcore Academy and Coninnovat, From Covid 19 to Innovations 2020 Forum conducted by Ateneo Graduate School of Business Continuing on November 26, 2020 and Healthcare DigitizationStrategy During and Post Pandemic conducted by Healthcore on 23 June 2021.

As one of the officers of the Company, he had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021,and training on Best Practices in Strategy Execution conducted by the Center for Global Best Practices on October 28, 2021. .

TONI DINAH CHEER D. FERNANDEZ, MLMEd
Investor Relations Officer/Data Protection Officer

Ms.Fernandez is a retired public secondary school Mathematics teacher. She had been a Department Head of the Iloilo National High School - School of the Future, a post she held for 5 years until her promotion as Academic Program Head of the Accountancy, Business & Marketing strand of the same institution when the government rolled out its Senior High School program in 2016.

Mrs. Fernandez is the recipient of various international scholarships: the Japanese Monbukagkusho(Department of Education, Science & Technology) for Teacher-trainee at Hiroshima University, Japan in 2001-2003 and the Australian Agency for International Development (AusAid)for Master of Leadership and Management in Education, major in School Leadership at the University of Newcastle, NSW, Australia in 2012-2013. She was also a Visiting International Faculty under the Cultural Exchange Program of the United States of America at Nash – Rocky Mount Schools in North Carolina in 2007-2008.

Having finished a degree in Accountancy in 2019, Mrs. Fernandez is presently the Office Manager of the Investor Relations Office of the Asia Pacific Medical Center Iloilo Inc. She also doubles as Finance Manager of the Daily Guardian Multi – Media Services Incorporated, a family corporation which is into publishing, public relations and commercial printing for the past 20 years.

INDEPENDENT DIRECTORS

The independent directors of the Company as of 31 December 2022 are as follows:

1. Jerusha A.Comuelo
2. Ma. Teresa F. Debuque
3. Noel J. Gonzales

SIGNIFICANT EMPLOYEES

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

FAMILY RELATIONSHIPS

The Chief Finance Officer, Elmer Z. Samoro is a brother – in – law respectively of Director Fredilyn G. Samoro.

On the other hand, the husband of Director Lusyl Gomez, a Director, is the first cousin of the Corporate Treasurer and Director Agnes Villaflor.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

A. **People v. Suplico, et.al., before the Sandiganbayan**
SB-18-CRM-0051

Rolex Suplico, a Director and Nominee 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 5th Division of the Sandiganbayan as of 31 July 2022. The prosecution rested on February 2023. On 3 May 2023, defendant is scheduled to present his side.

B. 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 complainant (Dax Matthew M. Quijano, et.al) though counsel filed a civil complaint against the Hospital and its Directors, including Felix Nolasco 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 preemptive 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, 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. The case is up for pre-trial conference on 13 April 2023.

C. 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 preemptive 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 had 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.

The Court rendered on 9 August 2022 a partial summary judgment on plaintiff's prayer for issuance of certificates of stock leaving the other issues sought for trial on the merits. However, instead of presenting his evidence, the plaintiff filed a motion to submit the case for decision based on legal issues through the filing of a memorandum which is still pending resolution.

As of 31 December 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.

Item 10. Executive Compensation

Summary of Compensation Table
Annual Compensation for the Year 2022

(a) Name and Principal Position	(b) Year	(c) Salary(P)	(e) Annual Bonus(P) (13TH month pay)	(f) Other Annual Compensation (Per Diem and other allowances)
FerjenelG.Biron – Chairman and CEO	2022	600,000.00	50,000.00	110,000.00
A. Amado M. Lavalle Jr. - President	2022	600,000.00	50,000.00	130,000.00
B. Danilo C. Regozo - Executive Vice President	2022	420,000.00	35,000.00	140,000.00
C. Agnes Jean M. Villaflor - Corporate Treasurer	2022	420,000.00	35,000.00	110,000.00
D. Maylene B. Villanueva - Corporate Secretary/ Compliance Officer	2022	840,000.00	70,000.00	-
E. All other officers and as a group named	2022	1,740,000.00	280,000.00	1,319,995.00

2021 Summary of Compensation Table
Annual Compensation for the Year 2021

(a) Name and Principal Position	(b) Year	(c) Salary(P)	(e) Annual Bonus(P)	(f) Other Annual Compensation (Per Diem and other allowances)
Ferjenel G. Biron – Chairman and CEO	2021	1,000,000.00	83,333.33	186,000.00
A. Amado M. Lavalle Jr. - President	2021	480,000.00	40,000.00	288,000.00
B. Danilo C. Regozo - Executive Vice President	2021	140,000.00	11,666.67	364,000.00
C. Agnes Jean M. Villaflor - Corporate Treasurer	2021	420,000.00	35,000.00	174,000.00
D. Maylene B. Villanueva - Corporate Secretary/ Compliance Officer	2021	840,000.00	70,000.00	-
E. All other officers and as a group named	2021	2,160,000.00	120,001.33	758,000.00

Summary of Compensation Table
Annual Compensation for the Year 2020

(a) Name and Principal Position	(b) Year	(c) Salary(P)	(e) Annual Bonus(P)	(f) Other Annual Compensation (Per Diem and other allowances)
Ferjenel G. Biron – Chairman and CEO	2020	1,200,000.00	100,000.00	298,000.00
A. Amado M. Lavalle Jr - Executive Vice President	2020	420,000.00	35,000.00	340,000.00
B. AgnesJean M. Villaflor - Corporate Treasurer	2020	420,000.00	35,000.00	344,000.00
C. Maylene B. Villanueva - CorporateSecretary/ Compliance Officer	2020	840,000.00	70,000.00	-
D. Fredilyn G. Samoro - Vice Chairman	2020	420,000.00	35,000.00	376,000.00
E. All other officers and as a group named	2020	1,020,000.00	85,000.00	560,000.00

The individual rates of the Top four (4) Executive Directors as specified above was approved by theBoard of Directors during the regular meeting last February 23, 2018 thru Board Resolution No. 2018 – 02-04 to take effect in January 2019 and booked as payable to respective Officers and Directors subject to the availability of funds.

The salary provided for the Executive Directors of Asia Pacific Medical Center – Iloilo are as follows.

Chairman	Fifty Thousand Pesos (50,000)
President	Fifty Thousand Pesos (50,000)
Executive Vice President	Thirty Five Thousand Pesos (P 35,000.00)
Corporate Secretary	Thirty Five Thousand Pesos (P 35,000.00)
Corporate Treasurer	Five Thousand Pesos (P35,000.00)
Vice Chairman	Thirty Five Thousand Pesos (P35,000.00)
Assistant Secretary	Twenty Five Thousand Pesos (P25,000.00)
Assistant Treasurer	Twenty Five Thousand Pesos (P25,000.00)

The company approved a reasonable per diem for Directors in the amount of up to Thirty Thousand Pesos (P30,000.00) for every Board Meeting as specifiedandshallbeeffectiveon 1 January 2019:

a. Regular and Special BoardMeeting - P10,000.00
b. Construction Meeting - P10,000.00
c. Travel Allowance - P10,000.00

Due to the COVID - 19 Pandemic and the resulting travel restrictions, Board meetings had been conducted via remote communication. For this reason, Directors had not been entitled to travel allowance since April 2020.

OTHER ARRANGEMENTS

There are no other arrangements pursuant to which any director of the Company was compensated ,or is to be compensated, directly or indirectly during 2020, 2021, 2022 for any service provided as a director.

EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND EXECUTIVE OFFICERS

There are no special employment contracts between APMC – Iloilo and the named executive officers.

WARRANTS AND OPTION SHELD BY THE EXECUTIVES AND DIRECTORS

There are no outstanding warrants or option sheld by the Company's CEO, the named executive officers, and all officers and directors as a group.

SIGNIFICANT EMPLOYEE

While the company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact in the business of the company. Other than the standard employment contracts, there are no special arrangements with non – executive employees of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

SECURITY OWNERSHIP OF RECORD AND BENEFICIAL OWNERS

The following table shows the record and beneficial owners of more than 5% of the voting securities of the Company as of December 31, 2022

SECURITY OWNERSHIP OF MANAGEMENT

Class	Names/Address of Record Owner	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	Number Of SharesHeld	% to Total Outstanding Shares
Common Founder	Biron,FerjenelG./82 Firefly Cor. Butterfly Streets, Valle Verde VI, Pasig City	Biron,Ferjenel G./ Record owner is also a Beneficial owner.	Filipino	46,322 240	19.71% 40.00%
Common Founder	Biron, Brandt Luke Q. Unit 4403, Trump Tower, Century City, Kalayaan Avenue, Makati 1210	Biron, Brandt Luke Q./ Record owner is also a Beneficial owner.	Filipino	21,890 10	9.31% 1.67%
Common Founder	Biron, Bryant Paul Q. Unit 903, Pacific Place. Pearl Drive, Ortigas Center, Pasig City	Biron, Bryant Paul Q./ Record owner is also a Beneficial owner.	Filipino	21,140 10	8.99% 1.67%
Common Founder	Biron, Braeden John Q. Unit 42C Kirov Tower, Estrella St. Rockwell Makati, 1210	Biron, Braeden John Q./ Record owner is also a Beneficial owner.	Filipino	21,140 10	8.99% 1.67%

The following table shows the security ownership of management in the common shares of the Company as of December 31, 2022.

INDIVIDUAL DIRECTORS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	PercentofClass
Common Founder	Biron, Ferjenel G.	46,322-Direct 240-Direct	Filipino	19.76%

Common Founder	Samoro, Fredilyn G.	6,874-Direct 20-Direct	Filipino	2.93%
Common Founder	(Samoro, Ronnie Z. - Spouse)	3,452-Indirect Total10,326 10-Indirect Total 30	Filipino	4.39%
Common Founder	Lavalle, Amado Jr.	3,758-Direct 10-Direct	Filipino	1.60%
Common Founder	Lavilla, Meride D.	3,728-Direct 10-Direct	Filipino	1.59%
Common Founder	(Lavilla, Francis G.– Spouse)	2,460–Indirect Total 6,188 10-Indirect Total 20	Filipino	2.63%
Common Founder	(Lavilla, Lou Valerie D.– Daughter)	300– Indirect Total 6,508 0–Indirect Total 20	Filipino	2.76%
Common Founder	(Lavilla, Francine Marie D.– Daughter)	300-Indirect Total 6,808 0–Indirect Total 20	Filipino	2.88%
Common Founder	(Lavilla, Meryll Faith D.– Daughter)	300-Indirect Total 7,108 0–Indirect Total20	Filipino	3.01%
Common Founder	Ramirez, Ruben B.	5,930-Direct 20-Direct	Filipino	2.52%
Common Founder	Regozo, Danilo M.	3,758-Direct 10-Direct	Filipino	1.60%
Common Founder	Villaflor, Agnes Jean M.	3,758-Direct 10-Direct	Filipino	1.60%
Common Founder	Gomez, Lusyl M.	3,360-Direct 10-Direct	Filipino	1.43%
Common Founder	Comuelo, Jerusha A.	3,452 -Direct 10-Direct	Filipino	1.47%
Common Founder	Nolasco , Felix P.	2,340-Direct 10-Direct	Filipino	1.00%
Common Founder	Gonzales, Noel J.	3,390-Direct 10-Direct	Filipino	1.44%
Common Founder	Dianco, Felibert O.	3,370 - Direct 10-Direct	Filipino	1.43%
Common Founder	Suplico, Rolex T.	1,990-Direct 10-Direct	Filipino	1.00%

Common **Founder**	Debuque, Ma. Teresa F.	2,030-Direct 10-Direct	Filipino	0.86%
Common **Founder**	Fernandez, Lemuel T.	1,930-Direct 10-Direct	Filipino	0.82%

OTHEREXECUTIVEOFFICERS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Samoro, Elmer Z.	10-Direct	Filipino	0.0042%
Common	Villanueva, Maylene B.	10-Direct	Filipino	0.0042%

Except as disclosed above, none of the Company's other executive officers or department managers own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

VOTING TRUST HOLDERS OF 5.0% OR MORE

As of 31 December 2022, Dr. Ferjenel G. Biron, Brandt Luke Q. Biron, Bryant Paul Q. Biron and Braeden John Q. Biron, who hold more than 5.0% of a class of shares, has not entered into any voting trust or similar agreement.

CHANGES IN CONTROL

There is no arrangement which may result in a change of control of APMCI since 2022.

Item 12. Certain Relationships and Related Transactions

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties.The following were carried out with related parties as at December 31, 2022 and2021.

Category	Outstanding Balance 2020	Amount of Transaction 2021	Outstanding Balance 2021	Amount of Transaction 2022	Outstanding Balance 2022	Terms	Conditions
Receivable - Others (Various ACE Hospitals)	47,472	0	47,472	0	47,472	Non-Interest bearing to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to Related Party	32,063,203	16,666	32,079,869	0	32,079,869	Non-Interest bearing to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solution Inc.		3,515,904	3,515,904	0	3,515,904	Non-Interest bearing to be	Unsecured, unguaranteed, not impaired

						collected in cash (b)	
	32,063,203	3,532,570	35,595,773	3,532,570	35,595,773		
Accounts Payable - Endure Medical, Inc.	2,169,957	8,369,521	10,539,478	23,050,389	33,589,867	Non-Interes t bearing to be paid in cash	Unsecured, unguaranteed, not impaired
Loans Payable to Related Party		108,834,96 9	108,834,969	129,000,00 0	237,834,969	Interest bearing to be paid in cash (c)	Unsecured, unguaranteed, not impaired
Advances from Shareholders	260,878,684	0	0	0	0	Non-Interes t bearing to be paid in cash (d)	Unsecured, unguaranteed, not impaired

(a) Advances to related parties – Endure Medical, Inc.

The Company engaged the services of an Indentor (Endure Medical, Inc.) which had relatively significant influence over a key management personnel of the Company. The Indentor facilitates the importation and acquisition of medical equipment, furniture and fixtures for the hospital allotment.

The foregoing is classified as a related party transaction(s) (pursuant to the condition set forth in PAS 24), wherein the key management personnel of Endure Medical, Inc. has significant influence over the Company and its key officer.

(b) Advances to related parties – TIPP Digital Solutions Inc.

The account represents a 15% downpayment made for the acquisition of Healthcare Management Information System.

(c) Loans payable to a related party

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., and Noel Gonzales (an Independent Director of APMCI) which have relatively significant influence over a key management personnel of the Company. The loan was incurred to use as payment of the interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 5.50%-6.50% per annum and 7.50% and is payable subject to the availability of funds. Interest incurred during the year amounted to ₱9,738,572.11 for Phil Pharmawealth and ₱24,193.55 for Noel Gonzales. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

(d) Advances from Shareholders

In a special meeting held last May 7, 2018, the Board of Directors and Shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development/construction of its medical structures and appurtenances.

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

PART IV– CORPORATE GOVERNANCE

Item 13. 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 27, 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. It 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).

The minor deviations from the recommendations of the CG Code for PCs and RIssuch 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.

PART V – EXHIBITS AND SCHEDULES

(a) Exhibits

The 2022 Audited Financial Statements is attached as **Annex "A"** hereto.

(b) Reports on Form 17C

A summary list of the reports on Form 17-C filed for the year 2022 is attached as **Annex"B".**

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned; thereunto duly authorized, in the City of Iloilo on__________, 2023.

By:

ELMER Z. SAMORO Chief Finance Officer	MAYLENE B. VILLANUEVA Corporate Treasurer
DANILO C. REGOZO Vice President	AGNES JEAN M. VILLAFLOR Corporate Treasurer

AMADO M. LAVALLE JR.
President

SUBSCRIBED AND SWORN to before me this 27 day of APR 2023 2023 affiant(s) exhibiting to me his/their Valid IDS, as follows:

NAMES	VALID ID	DATE OF ISSUE/ VALID UNTIL	PLACE OF ISSUE
ELMER Z. SAMORO	TIN#157-370-500	December 03	Iloilo City
AGNES JEAN M. VILLAFLOR	PRC#0070893	August 16, 2024	Iloilo City
DANILO C. REGOZO	TIN#162-755-820	January 24, 1994	Iloilo City
AMADO M. LAVALLE JR.	PRC#0068822	February 01, 2024	Iloilo City

WITNESS IN MY HAND AND SEAL.

DOC. NO. 257
PAGE NO. 52
BOOK NO. 49
SERIES OF 2023

ATTY. JOSEPH EDWARD P. ARENO
NOTARY REGISTRATION NO. 85
ATTORNEY'S ROLL NO. 45471
IBP NO. 35831, 06-11 2018 (LIFETIME)
PTR NO. 0081381, 01-03-2023
UNTIL DECEMBER 31, 2023
ST. ANNE BLDG., LUNA ST., LA PAZ, ILOILO CITY
MCLE COMP. CERT. NO. VII-0002859
Issued on May 3, 2021
TIN: 123-761-675

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned; thereunto duly authorized, in the City of _________on__________, 2023.

ELMER Z. SAMORO Chief Finance Officer	MAYLENE B. VILLANUEVA Corporate Treasurer
DANILO C. REGOZO Vice President	AGNES JEAN M. VILLAFLOR Corporate Treasurer

AMADO M. LAVALLE JR.
President

SUBSCRIBED AND SWORN to before me this _____ day of MAY 0 2 2023 _________ 20__ affiant(s) exhibiting to me his/their Valid IDS, as follows:

NAMES	VALID ID#	DATE OF ISSUE	PLACE OF ISSUE
MAYLENE B. VILLANUEVA	IBP ID #010763	___________	Manila

Doc. No. 393;
Page No. 72;
Book No. 19;
Series of 2023.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5110440; 1-3-23; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVERSHEET
for
AUDITEDFINANCIALSTATEMENTS

SECRegistrationNumber

C S 2 0 1 4 2 3 9 5 4

COMPANYNAME

ASIA PACIFIC MEDICAL CENTER - ILOILO, INC. (FORMERLY: ALLIED (FORMERLY: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.)

PRINCIPALOFFICE(No./Street/Barangay/City/Town/Province)

BRGY. UNGKA, JARO ILOILO CITY

FormType	Departmentrequiringthereport	SecondaryLicenseType,IfApplicable
AAFS	CRMD	

COMPANYINFORMATION

Company'sEmailAddress	Company'sTelephoneNumber/s	MobileNumber
corpsec@apmciloilo.com		321-5748

No.of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
2,780	Third Sunday of April	December 31

CONTACTPERSONINFORMATION

ThedesignatedcontactpersonMUSTbeanOfficeroftheCorporation

NameofContactPerson	EmailAddress	TelephoneNumber/s	MobileNumber
AGNES JEAN M. VILLAFLOR, M.D.	jean4bong@icloud.com	326-01-59	09176244716

CONTACTPERSON'sADDRESS

Lot 6 Block 2 Sacred Heart Subdivision Hibao an, Manduriao, Iloilo City

NOTE
1:Incaseofdeath,resignationorcessationofofficeoftheofficerdesignatedascontactperson,suchincidentshallbereportedtotheCommission withinthirty (30)calendardaysfromtheoccurrencethereofwithinformationandcompletecontactdetailsofthenewcontactpersondesignated.

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

ASIA PACIFIC
MEDICAL CENTER
ILOILO
BRGY. UNGKA, JARO, ILOILO CITY, PHILIPPINES 5000

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Dimaculangan, Dimaculangan and Company, CPAs, the independent auditor who were appointed by the stockholders for December 31, 2022, 2021 and 2020, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ______________
Dr. Ferjenel G. Biron
Chairman

Signature ______________
Dr. Amado M. Lavalle, Jr.
President

Signature ______________
Agnes Jean M. Villaflor
Corporate Treasurer

Signature ______________
Elmer Z. Samoro
Chief Financial Officer

Signed this 23 day of April 2023

REPUBLIC OF THE PHILIPPINES)
CITY OF Cities of Pasig and San Juan and Municipality of Pateros) S.S.

SUBSCRIBED AND SWORN to me before this MAY 0 2 2023 with the presentation of the following:

Name	Government ID	Place Issued	Date Issued
Dr. Ferjenel G. Biron	TIN 127-685-650-000		

Doc. No. 394
Page No. 80
Book No. V
Series of 2023

MAYLENE B. VILLANUEVA
NOTARY PUBLIC
Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 154 (2022-2023)
Roll No. 50137; 03-22/12
IBP Lifetime Member No. 010763; 03-13-2012; Iloilo
PTR No. 9004789; 01-04-2023; Pasig City
MCLE Compliance No. VII-0012768; 04-14-2025
Commission expires on December 31, 2023

Suite 24-G, Goldland Millenia Suites,
Escriva Drive, Ortigas Center, Pasig City
Contact No. 0917-5234802

ASIA PACIFIC
MEDICAL CENTER
ILOILO
BRGY. UNGKA, JARO, ILOILO CITY, PHILIPPINES 5000

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Dimaculangan, Dimaculangan and Company, CPAs, the independent auditor who were appointed by the stockholders for December 31, 2022, 2021 and 2020, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ____________________
Dr. Frjenel G. Biron
Chairman

Signature ____________________
Dr. Amado M. Lavalle. Jr.
President

Signature ____________________
Agnes Jean M. Villaflor
Corporate Treasurer

Signature ____________________
Elmer Z. Samoro
Chief Financial Officer

Signed this 23 day of April 2023

SUBSCRIBE AND SWORN to before me this APR 27 2023 with presentation of the following:

Name	Government ID	Place Issued	Date Issued
Dr. Amado M. Lavalle, Jr.	TIN 123-703-627-000		
Dr. Agnes Jean Villaflor	TIN 136-792-228-000		
Elmer Z. Samoro	TIN 151-370-500-000		

WITNESS HAND AND SEAL this APR 27 2023 th day of ______, 20__, in Iloilo City, Philippines.

Doc. No. 256;
Page No. 52;
Book No. 49;
Series of 2023

ATTY. JOSEPH EDWARD P. ARENO
NOTARY REGISTRATION NO. 85
ATTORNEY'S ROLL NO. 45471
IBP NO. 035831, 06-11-2018 (LIFETIME)
PTR NO. 8081381, 01-03-2023
UNTIL DECEMBER 31, 2023
ST. ANNE BLDG., LUNA ST., LA PAZ, ILOILO CITY
MCLE COMP. CERT. NO. VII-0002859
Issued on May 3, 2021
TIN: 123-761-675

Gmail

One Click <oneclick.ph1@gmail.com>

Fw: Tax Return Receipt Confirmation

1 message

Allied Care Experts Iloilo <acemci.acctg@yahoo.com>
To: oneclick.ph1@gmail.com

Tue, May 2, 2023 at 10:18 AM

On Friday, April 28, 2023, 16:52, ebirforms-noreply@bir.gov.ph wrote:

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 008922703000-1702RTv2018C-122022.xml
Date received by BIR: 17 April 2023
Time received by BIR: 10:23 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

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

Bureau of Internal Revenue

Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph (ebirforms-noreply@bir.gov.ph)

To: acemci.acctg@yahoo.com

Date: Friday, April 28, 2023 at 08:57 AM GMT+8

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 008922703000-1702RTv2018C-122022V1.xml
Date received by BIR: 28 April 2023
Time received by BIR: 08:44 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

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

Bureau of Internal Revenue

dimaculangan,
dimaculangan and co. cpa's

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and Stockholders
ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
Brgy. Ungka, Jaro Iloilo City

We have audited the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 23, 2023.

In compliance with Revenue Regulations V-20, we are stating the following:

a.) No Partner of our Firm is related by consanguinity or affinity to the President, Manager or any member of the Board of Directors and Stockholders of the Company.

b.) The disclosure on taxes and licenses paid or accrued during the year is shown in the supplementary report attached to the Company's financial statements.

For the Firm :

DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S
BOA Accreditation No. 0416, effective until March 19, 2024
SEC Accreditation No. 0416 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)
BIR Accreditation No. 08-002906-000-2023, effective until April 14, 2026

MARIA TERESITA ZUÑIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 36077 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)
BIR Accreditation No. 08-002906-001-2023, effective until April 14, 2026
Tax Identification No.133-451-815
PTR No. MKT 9603672, January 24, 2023

April 23, 2023
Makati City
Philippines

BUREAU OF INTERNAL REVENUE
RECEIVED
MAY 02 2023

Asia Pacific Medical Center – Iloilo, Inc.

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

Financial Statements
As at December 31, 2022 and 2021 and
for the years ended December 31, 2022, 2021 and 2020

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
Brgy. Ungka, Jaro Iloilo City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2022, 2021 and 2020, 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of the Matter

As discussed in Note 1 of the financial statements, the Company is still in its pre-commercial operation stage as at December 31, 2022. Its main activities are limited to the construction of the hospital building which is currently in progress.

The accumulated deficit amounting to ₱197,870,210 and ₱145,648,293 as at December 31, 2022 and 2021, respectively, represent various general and administrative expenses actually incurred by the Company while it is still in its pre-operating stage. It is expected to generate positive result upon commencement of its commercial operations.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

As of December 31, 2022, we have determined that there are no key audit matters to communicate in our report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010, 19-2020 and 34-2020

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010, 19-2020 and 34-2020 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Report on Additional Components of the Financial Statements

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* (the "Company") as at and for the year ended December 31, 2022 and have issued our report thereon dated April 23, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules required by paragraph 7, Part II of the Revised Securities Regulation Code (SRC) Rule 68 (Annex 68-J), Reconciliation of Retained Earnings Available for Dividend Declaration, and Schedule of Financial Soundness Indicators are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised SRC Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

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dimaculangan and co. cpa's

For the Firm:

DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S
BOA Accreditation No. 0416, effective until March 19, 2024
SEC Accreditation No. 0416 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)
BIR Accreditation No. 08-002906-000-2023, effective until April 14, 2026

MARIA TERESITA ZUNIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 36077 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)
BIR Accreditation No. 08-002906-001-2023, effective until April 14, 2026
Tax Identification No.133-451-815
PTR No. MKT 9603672, January 24, 2023

April 23, 2023
Makati City
Philippines

RDO NO. 74-ILOILO CITY
BUREAU OF INTERNAL REVENUE
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ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

		As at December 31,	
ASSETS	***Notes***	**2022**	2021
CURRENT ASSETS			
Cash	*6*	**11,514,559**	14,514,332
Receivable - others		**2,438,056**	3,237,553
Advances to contractors	*7*	**58,043,017**	55,086,837
Advances to suppliers	*7*	**1,551,654**	6,671,744
Prepayments and other current assets		**559,910**	326,013
		74,107,196	79,836,479
NON-CURRENT ASSETS			
Property and equipment (net)	*8*	**447,444,919**	417,804,618
Intangible assets (net)		**-**	8,333
Construction-in-progress	*9*	**1,536,817,631**	1,357,724,224
Advances to related parties	*8,13*	**35,595,773**	35,595,773
Other non-current assets		**5,015,171**	5,015,171
		2,024,873,494	1,816,148,119
TOTAL ASSETS		**2,098,980,690**	1,895,984,598

LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and other liabilities	*10*	**132,799,504**	87,252,859
Loans payable to individuals	*11*	**20,766,700**	23,000,000
Notes payable - current portion	*12*	**28,747,867**	35,055,603
		182,314,071	145,308,462
NON-CURRENT LIABILITIES			
Loans payable to a related party	*13*	**237,834,969**	108,834,969
Notes payable - net of current portion	*12*	**857,748,031**	826,262,841
TOTAL LIABILITIES		**1,277,897,071**	1,080,406,272
EQUITY			
Share capital (net)	*14*	**235,670,000**	235,060,000
Share premium	*14*	**783,283,829**	726,166,619
Deficit	*1*	**(197,870,210)**	(145,648,293)
		821,083,619	815,578,326
TOTAL LIABILITIES AND EQUITY		**2,098,980,690**	1,895,984,598

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

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2022**	2021	2020
REVENUE		-	-	-
DIRECT COST		-	-	-
GROSS PROFIT		-	-	-
OTHER INCOME	*6,15,17*	**119,929**	22,133	107,317
GROSS INCOME		**119,929**	22,133	107,317
GENERAL AND ADMINISTRATIVE EXPENSES	*16*	**22,053,192**	19,051,323	29,646,352
LOSS FROM OPERATIONS		**(21,933,263)**	(19,029,190)	(29,539,035)
FINANCE COSTS	*12,13*	**30,288,654**	15,977,437	13,830,175
NET LOSS BEFORE INCOME TAX		**(52,221,917)**	(35,006,627)	(43,369,210)
INCOME TAX EXPENSE	*17*	-	-	-
NET LOSS FOR THE YEAR		**(52,221,917)**	(35,006,627)	(43,369,210)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(52,221,917)**	(35,006,627)	(43,369,210)
BASIC LOSS PER SHARE	*18*	**(221.59)**	(148.93)	(196.03)

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

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Philippine Peso)

	Share Capital (Note 14)	Share Premium (Note 14)	Deficit (Note 1)	Total
EQUITY				
As at January 1, 2020	168,150,000	226,900,000	(67,272,456)	327,777,544
Additional share capital	53,084,000	-	-	53,084,000
Share premium	-	426,567,980	-	426,567,980
Net loss for the year	-	-	(43,369,210)	(43,369,210)
As at December 31, 2020	221,234,000	653,467,980	(110,641,666)	764,060,314
Additional share capital	13,826,000	-	-	13,826,000
Share premium	-	72,698,639	-	72,698,639
Net loss for the year	-	-	(35,006,627)	(35,006,627)
As at December 31, 2021	**235,060,000**	**726,166,619**	**(145,648,293)**	**815,578,326**
Additional share capital	**610,000**	-	-	**610,000**
Share premium	-	**57,117,210**	-	**57,117,210**
Net loss for the year	-	-	**(52,221,917)**	**(52,221,917)**
As at December 31, 2022	**235,670,000**	**783,283,829**	**(197,870,210)**	**821,083,619**

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

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		**(52,221,917)**	(35,006,627)	(43,369,210)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	*8*	**879,938**	502,103	422,948
Amortization	*16*	**8,333**	41,667	-
Interest income	*6,15,17*	**(10,028)**	(22,133)	(95,937)
Interest expense	*12,13*	**(30,288,654)**	(15,977,437)	(13,830,175)
Operating cash outflows before changes in working capital		**(81,632,328)**	(50,462,427)	(56,872,374)
Changes in working capital components:				
Decrease (increase) in current assets:				
Receivable - others		**799,497**	(3,096,901)	27,270
Advances to related parties	*8,13*	**-**	(3,532,570)	256,975,836
Advances to contractors	*7*	**(2,956,180)**	(8,480,958)	(15,650,188)
Advances to suppliers	*7*	**5,120,090**	350,527	(3,506,367)
Prepayments and other current assets		**(233,897)**	(112,155)	(21,552)
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	*10*	**39,243,989**	(14,595,909)	29,152,016
Net cash provided by (used in) operations		**(39,658,830)**	(79,930,393)	210,104,641
Income tax paid	*17*	**-**	(171)	-
Interest received	*6,15,17*	**10,028**	22,133	95,937
Net cash provided by (used in) operating activities		**(39,648,802)**	(79,908,431)	210,200,578

Balance forwarded

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2022**	2021	2020
Forwarded balance				
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to construction-in-progress	*9*	**(172,790,751)**	(137,109,476)	(222,184,441)
Additions to property and equipment	*8*	**(30,520,238)**	(5,361,745)	(259,986,723)
Additions to intangible assets		**-**	(50,000)	-
Proceeds from sale of hospital equipment	*9*	**-**	-	2,536,875
Increase in other non-current asset		**-**	-	(4,790,000)
Net cash used in investing activities		**(203,310,989)**	(142,521,221)	(484,424,289)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additional share capital	*14*	**610,000**	13,826,000	53,084,000
Additional share premium	*14*	**57,117,210**	72,698,639	426,567,980
Payments of principal on bank loans	*12*	**(6,307,736)**	(15,071,636)	-
Additional loans payable	*12*	**31,485,190**	-	-
Proceeds from bank loan	*12*	**-**	-	119,177,600
Payments of loans payable to individuals	*11*	**(2,233,300)**	(7,343,471)	(44,906,529)
Proceeds of loans payable to a related party	*13*	**129,000,000**	108,834,969	-
Payments of advances from shareholders	*13*	**-**	-	(260,878,684)
Interest paid	*12,13*	**30,288,654**	15,977,437	13,830,175
Net cash provided by financing activities		**239,960,019**	188,921,938	306,874,542
NET INCREASE (DECREASE) IN CASH		**(2,999,772)**	(33,507,714)	32,650,831
CASH, beginning of the year		**14,514,332**	48,022,046	15,371,215
CASH, end of the year	*6*	**11,514,560**	14,514,332	48,022,046
NONCASH INVESTING ACTIVITIES				
Accrued interest payable	*10*	**6,302,656**	5,186,681	-
Additions to construction-in-progress	*9*	**(6,302,656)**	(5,186,681)	-
		-	-	-

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

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.

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

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC. *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* (the "Company") was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under registration no. CS201423954 on December 10, 2014.

On August 2, 2021, the Securities and Exchange Commission approved the Company's amendment of its corporate name to Asia Pacific Medical Center – Iloilo, Inc.

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

On December 27, 2018, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 36,000 shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱250,000 up to ₱400,000 per block. Issued and outstanding Founder shares (600) and common shares (203,400) are not included in the offer. These shares have been registered and were offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company was also amended from 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City to Brgy. Ungka, Jaro Iloilo City, where the hospital construction site is located.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed in December 2018. However, due to circumstances beyond the control of Management, this was moved to second half of 2023 in which the hospital is estimated to be fully completed and operational.

The Company has incurred an accumulated deficit of ₱208,358,645 and ₱145,648,293 as at December 31, 2022 and 2021, respectively, as a result of various general and administrative expenses incurred while the Company is still in its pre-commercial operation stage. It is expected to generate positive result upon commencement of its commercial operations.

NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

These financial statements have been prepared on the historical cost basis, except when otherwise stated.

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. All values are rounded off to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New and Revised Accounting Standards Effective in 2022

The Company adopted all applicable accounting standards and interpretations as at December 31, 2022. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed by the Management to be applicable to the Company's financial statements as follows:

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

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

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

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

The adoption of the amendments has no impact on the Company's financial statements as the Company does not plan to enter into business combination.

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

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

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

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

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements as the Company does not generate proceed when testing the equipment before its intended use.

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

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements as the Company has not yet started its commercial operations.

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1: D16 (a).

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements since the Company is not a subsidiary of any company.

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

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

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

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

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

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements since the Company has no biological assets.

Standards Issued but not yet Effective:

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

Effective Beginning on or after January 01, 2023

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - ➢ a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - ➢ an amount representing the unearned profit in the group of contracts (the contractual service margin)
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FSRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025, as amended by the FSRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Earlier application is permitted.

The future adoption of the standard will not have a significant impact on the Company's financial statements as the Company does not issue insurance contracts.

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

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

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

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

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

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

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

Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The management is still evaluating the impact of the new standard on the Company's financial statements.

Amendments to PAS 8, Definition of Accounting Estimates

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future period.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

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

Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

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

Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 that require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retain.

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of the Board of Accountancy and Financial and Sustainability Reporting Standard Council.

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

Amendments to IAS 1, Non-current Liabilities with Covenants

The amendments to PAS 1 to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of the Board of Accountancy and Financial and Sustainability Reporting Standard Council.

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

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

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

The Company also modifies classification of prior year amounts to conform to current year's presentation.

Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described further in Note 19.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Date of Recognition
The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference
Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss.

The Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortized cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)
- financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss

<u>Financial assets at amortized cost (debt instruments)</u>
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash (excluding petty cash fund), receivable – others and other non-current assets (excluding deferred tax assets) as at reporting dates.

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

The Company does not have debt instruments designated at fair value through OCI as at reporting dates.

<u>Financial assets designated at fair value through OCI (equity instruments)</u>
Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 – *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments designated at fair value through OCI (FVOCI) as at reporting dates.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statements of profit or loss when the right of payment has been established.

The Company does not have financial assets at fair value through profit or loss as at reporting dates.

Derecognition

The financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risk and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' agreement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to 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 OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss is required for credit expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

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

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

The measurement of financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.
The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

Financial liabilities at amortized cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as "Finance cost" in the statements of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans to a related party and notes payable (see Notes 10, 11, 12 and 13).

Derecognition

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

Fair Value Option

The Company may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortized cost or fair value through other comprehensive loss to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch or otherwise results in more relevant information.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Company and all of the counterparties.

Cash

Cash in the statements of financial position comprise of cash in banks and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances to related parties, advances to contractors and advances to suppliers are payments made in advance, such as down payments for a contractual project and acquisition of equipment. Advances are initially recorded at the amount of cash paid. These will be subsequently reclassified to property and equipment upon completion of the project and/or once the equipment is actually or constructively delivered.

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

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets represent assets of the Company which are expected to be realized or consumed within one year or within the Company's normal operating cycle whichever is longer. Other current assets are measured initially and subsequently presented in the financial statements at cost.

Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment consists of:

- its purchases price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and medical and hospital equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

At the end of each reporting period, items of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses. Land is carried at cost less any impairment in value. Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their costs, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statements of comprehensive loss.

Fully depreciated and fully amortized assets are retained by the Company as part of property and equipment until these are derecognized or until they are no longer in use.

Intangible Assets

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized using the straight–line method. If there is an indication that there has been a significant change in amortization rate, 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.

Construction-in-progress

Construction-in-progress is stated at cost. This includes the costs related to the construction of the hospital building and installation of medical equipment, property development costs and other direct costs. Cost of borrowings and any additional costs incurred in relation to the project are recognized in this account. Construction-in-progress is not depreciated until such time that the relevant assets are completed and ready for its intended use.

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

Impairment of Non-Financial Assets

At each reporting dates, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from the other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

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

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue cost.

Share capital
Share capital is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Share premium
Share premium is the difference between the issue price and the par value of the stock and is known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value.

Deficit
Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of changes in accounting policy as may be required by the standard's transitional provision.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The following specific recognition criteria must also be met before revenue is recognized:

Service income from hospital services
The Company renders primary healthcare services to its patients over a single period of time in the ordinary course of business. Revenue is recognized as the services are provided.

Sale of medical goods
Revenue from sale of goods is recognized at point in time when control of the asset is transferred to the customer.

The Company does not have revenues from hospital services nor sale of medical goods since it is still in its construction stage, thus, not yet in commercial operations as at December 31, 2021.

Other Revenues

Interest income
Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other income
Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: (a) on the basis of a direct association between the costs incurred and the earning of specific items of income; (b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (c) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive loss are presented using the function of expense method. General and administrative expenses constitute costs attributable to general, administrative, and other business activities of the Company and are expensed as incurred.

Related Party Relationships and Transactions

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

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

Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees.

Short-term Benefits
Short-term employee benefits are those benefits expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Short-term benefits given by the Company to its employees include salaries and wages, social security, health insurance and housing contributions, short-term compensated absences, bonuses and other non-monetary benefits.
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement or Post-employment Benefits
The Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan, an agreement providing benefits for retiring employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in service, may retire and shall be entitled to a retirement pay equivalent to at least ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

As at reporting dates, the Company has not yet established a Retirement Benefits Plan for its employees since no employee is entitled to date.

Borrowing costs

Borrowing costs are generally recognized as expense in the year in which these costs are incurred. However, borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. It includes interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

Foreign Currency Translations

Translations denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are translated using the closing exchange rates at reporting dates. Exchange gains or losses arising from foreign currency translations are credited to or charges against current operations.

Leases

The Company determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Income Tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computations of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting dates and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Earnings (Loss) per Share

Basic earnings (loss) per share is calculated by dividing income (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after giving retroactive effect to any bonus issued/declared during the year, if any.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive loss, net of any reimbursement.

Contingent liabilities are not recognized in the Company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the Company financial statements.

Events after the Reporting Period

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

NOTE 5 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments in Applying the Company's Accounting Policies

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

Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant Increase of Credit Risk

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

Functional currency

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

Classification of Financial Instrument

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

Determination of Whether a Lease is a Finance or Operating Lease

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Operating Lease Commitments – Company as Lessee

Based on Management evaluation, the lease arrangements entered into by the Company as a lessee are accounted for as operating leases because the Company has determined that the lessor will not transfer the ownership of the leased assets to the Company upon termination of the lease.

Recognition of Deferred Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied.

Impairment of Non-Financial Assets

Property and equipment is periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 4, subheading "*Provisions and Contingencies.*"

Estimates and Assumptions

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

Assessment for ECL on Other Financial Assets at Amortized Cost

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized as at December 31, 2022 and 2021.

The carrying amounts of other financial assets at amortized cost are as follows:

	2022	2021
Cash in banks*	**11,484,559**	14,484,332
Receivable - others	**2,438,056**	3,237,553
Other non-current assets**	**5,015,000**	5,015,000
	18,937,615	22,736,885

**excluding petty cash fund amounting to ₱30,000 as at December 31, 2022 and 2021.*
***excluding deferred tax assets amounting to ₱171 as at December 31, 2022 and 2021.*

Assessment for Impairment of Non-financial Assets

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on non-financial assets was recognized as at December 31, 2022 and 2021.

The carrying amounts of non-financial assets are as follows:

	2022	2021
Advances to related parties	**35,595,773**	35,595,773
Advances to contractors	**58,043,017**	55,086,837
Advances to suppliers	**1,551,654**	6,671,744
Property and equipment (net)	**447,444,919**	417,804,618
Intangible assets (net)	**-**	8,333
Construction-in-progress	**1,536,817,631**	1,357,724,224
	2,079,452,994	1,872,891,529

Estimating useful lives of assets

The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase recorded operating expenses and decrease non-current assets.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

Categories	**Estimated Useful Life**
Office equipment	3 - 5 years
Medical equipment	5 years
Hospital equipment	5-10 years
Kitchen Tools	3-5 years
Books/Periodicals	3 years

As at December 31, 2022 and 2021, the Company's property and equipment had carrying amounts of ₱447,444,919 and ₱417,804,618, respectively, as disclosed in Note 8.

Amortization of intangible asset is calculated on a straight-line basis over 1 year. As at December 31, 2022, the Company's intangible assets has a carrying amount of ₱-0-.

Asset impairment other than goodwill

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

Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

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

As at December 31, 2022 and 2021, Management believes that the recoverable amounts of the Company's property and equipment approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

Deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company has recognized net deferred tax assets amounting to ₱171 as at December 31, 2022 and 2021 (see Note 17).

Deferred tax assets with full valuation allowance as at December 31, 2022, 2021 and 2020 amounted to ₱32,665,609, ₱28,866,042 and ₱29,853,239, respectively (see Note 17).

NOTE 6 - CASH

This account consists of:

	2022	2021
Petty cash fund	**30,000**	30,000
Cash in banks	**11,484,559**	14,484,332
	11,514,559	14,514,332

Cash includes petty cash fund and in banks that are unrestricted and available for current operations. This is stated in the statements of financial position at face amount.

Cash in banks generally earn interest at the prevailing bank's deposit rates. Interest earned from bank accounts amounted to ₱10,028, ₱22,133 and ₱95,937 in 2022, 2021 and 2020, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 15).

Unrealized foreign exchange gain resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱109,901 in 2022 and is presented as part of "other income" in the statements of comprehensive loss (see Note 15).

NOTE 7 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account consists of:

	2022	2021
Advances to contractors[1)]	**58,043,017**	55,086,837
Advances to suppliers[2)]	**1,551,654**	6,671,744
	59,594,671	61,758,581

[1)] 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.

[2] Advances to supplier are down payments made to suppliers of medical equipment and/or construction materials ordered. The amounts represent 15% - 50% of the total contract price of the items purchased.

NOTE 8 - PROPERTY AND EQUIPMENT (net)

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

	Land	**Office Equipment**	**Medical Equipment**	**Hospital Equipment**	**Kitchen Tools**	**Books/ Periodicals**	**Total**
Cost:							
At beginning of year	28,291,630	2,842,952	292,224,738	94,913,982	1,039,762	11,545	419,324,609
Additions	–	6,206,637	5,653,402	18,627,587	32,613	–	30,520,239
At end of year	**–**	**9,049,589**	**297,878,140**	**113,541,569**	**1,072,375**	**11,545**	**449,844,848**
Accumulated depreciation:							
At beginning of year	–	1,515,529	–	–	–	4,462	1,519,991
Depreciation	–	878,221	–	–	–	1,717	879,938
At end of year	**–**	**2,393,750**	–	–	–	**6,179**	**2,399,929**
Net carrying value, December 31, 2021	**28,291,630**	**6,655,839**	**297,878,140**	**113,541,569**	**1,072,375**	**5,366**	**447,444,919**

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

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	2,594,493	291,678,238	90,921,038	473,521	6,395	413,965,315
Additions	–	250,910	546,500	3,992,944	566,241	5,150	5,361,745
Disposal	–	(2,451)	–	–	–	–	(2,451)
At end of year	28,291,630	2,842,952	292,224,738	94,913,982	1,039,762	11,545	419,324,609
Accumulated depreciation:							
At beginning of year	–	1,018,208	–	–	–	2,131	1,020,339
Depreciation	–	499,772	–	–	–	2,331	502,103
Disposal	–	(2,451)	–	–	–	-	(2,451)
At end of year	–	1,515,529	–	–	–	4,462	1,519,991
Net carrying value, December 31, 2021	28,291,630	1,327,423	292,224,738	94,913,982	1,039,762	7,083	417,804,618

Depreciation on kitchen tools, medical and hospital equipment shall commence when it is available for use – when it is in the location and condition necessary to be capable of operating in the manner intended by the Management.

The medical equipment have been paid in full and already recorded in the books. However, the same is still stored in the warehouse of the supplier awaiting delivery upon completion of the Company's hospital building. These are subject of a chattel mortgage as disclosed in Note 12.

The Company has a total contract commitment to purchase medical equipment totaling ₱454,370,959 as of December 31, 2022. Advances to related parties amounting to ₱35,595,773 (Note 13) was recognized in the books as it represents advance payment for medical equipment.

The land covered by TCT No. 095-2015000546 and TCT No. 095-2015000547 represent the area located at Barangay Sambag, Jaro District, Iloilo City, Panay Island, where the Company is currently constructing a multidisciplinary special medical facility (hospital) (Note 9) and is the subject of a real estate mortgage as disclosed in Note 12.

Management has reviewed the carrying values of property and equipment as at December 31, 2022 and 2021, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

NOTE 9 - CONSTRUCTION-IN-PROGRESS

This account consists of accumulated costs for the construction of the Company's hospital building project which is still ongoing as at reporting dates:

	As at beginning of year	**Amount of Transactions**	**As at end of Year**
	2021	**2022**	
Payment to contractors	1,156,744,337	**90,163,724**	**1,246,908,061**
Capitalized borrowing cost	128,930,107	**38,105,541**	**167,035,648**
Other related costs	72,049,780	**50,824,142**	**122,873,922**
	1,357,724,224	**179,093,407**	**1,536,817,631**

During the development and construction of the hospital building, capitalized borrowing costs amounted to ₱38.1 million, ₱37.7 million and ₱36.9 million for years 2022, 2021 and 2020, respectively, were capitalized (see Note 12).

Other related costs pertain to planning and project management expenses directly attributable to the construction project.

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at ninety-nine point seven (99.07%).

NOTE 10 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2022	2021
Retention payable[1)]	**50,203,580**	43,852,032
Accounts payable – contractors and suppliers[2)]	**75,821,830**	37,484,795
Accrued interest payable[3)]	**6,302,656**	5,186,681
Statutory liabilities[4)]	**464,334**	470,823
Accrued expenses[5)]	**7,104**	258,528
	132,799,504	87,252,859

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

[2)] Accounts payable – contractors and suppliers represent unpaid billings of the contractors and balances of equipment already installed in the construction building as of reporting date.

[3)] Accrued interest payable refers to interest expense incurred on loans from bank (see Note 12).

[4)] Statutory liabilities pertains to tax withheld from payment to suppliers, employees' compensation and statutory contributions to SSS, PHIC and HDMF.

[5)] Accrued expenses are normally settled within one year from financial reporting date.

NOTE 11 - LOANS PAYABLE TO INDIVIDUALS

This account constitutes non-interest bearing and demandable obligations to third parties which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure.

NOTE 12 - NOTES PAYABLE

Notes payable as at December 31 consist of:

	2022	2021
Current portion:		
Notes payable – construction-in-progress	**18,923,208**	25,230,944
Notes payable – medical equipment	**9,824,659**	9,824,659
	28,747,867	35,055,603
Non-current portion:		
Notes payable – construction-in-progress	**576,350,276**	592,927,184
Notes payable – medical equipment	**281,397,755**	233,335,657
	857,748,031	826,262,841
	886,495,898	861,318,444

The Landbank of the Philippines – Iloilo Branch (LBP – Iloilo) extended to the Company several term loans equivalent to a credit line facility totaling **₱1.060 BILLION** to finance the construction of hospital structure and the acquisition of various medical equipment and fixtures.

The foregoing credit line facility consists of a term loan 1 the availment of which was granted on 2015 amounting to **₱465 MILLION** allotted to finance the construction of hospital building. However, term loan 2 availment amounting to **₱35 MILLION** was eventually cancelled or withdrawn. Subsequently, the bank approved on July 31, 2019, term loan 3 in the amount of **₱195 MILLION** for hospital structure and term loan 4 amounting to **₱400 MILLION** allotted for the acquisition of medical equipment and fixtures.

The loan is available in several drawdowns, payable ranging from 8 years to 10 years in ladderized quarterly amortizations, including grace periods ranging from 1 year to 4 years on principal amortization, with an interest rate of 5% to 6.63% per annum payable quarterly in arrears from date of loan release.

As discussed in Note 8, the loan is collaterized and secured by a Real Estate Mortgage (REM) on both parcels of land owned by the Company, including present and future improvements thereon and Chattel Mortgage on various medical equipment, furniture and fixtures.

Total finance costs incurred on loans for financing the construction of hospital building amounted to ₱38,105,541, ₱37,714,731 and ₱36,964,760 for the years ended December 31, 2022, 2021 and 2020, respectively, and was capitalized to construction-in-progress account in the statements of financial position (see Note 9).

The Company incurred finance costs on loans for acquisition of medical equipment and fixtures amounting to ₱19,800,219, ₱14,703,074 and ₱13,830,175 for the years ended December 31, 2022, 2021 and 2020, respectively, and is reflected in the statements of comprehensive loss.

NOTE 13 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. The following transactions were carried out with related parties as at December 31, 2022 and 2021:

Category	Outstanding Balance 2020	Amount of Transactions 2021	Outstanding Balance 2021	**Amount of Transactions 2022**	**Outstanding Balance 2022**	Terms	Conditions
Receivable – others (various ACE hospitals)	47,472	–	47,472	–	**47,472**	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to related parties:							
Endure Medical, Inc.	32,063,203	16,666	32,079,869	–	**32,079,869**	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solutions Inc.	-	3,515,904	3,515,904	–	**3,515,904**	Non-interest bearing, to be collected in cash (b)	Unsecured, unguaranteed, not impaired
	32,063,203	3,532,570	35,595,773		**35,595,773**		
Accounts Payable - Endure Medical, Inc.	2,169,957	8,369,521	10,539,478	**23,050,390**	**33,589,868**	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Loans payable to a related party	–	108,834,969	108,834,969	**129,000,000**	**237,834,969**	Interest bearing, to be paid in cash (c)	Unsecured, unguaranteed, not impaired

(a) Advances to a related party - Endure Medical, Inc.

The Company engaged the services of an indentor (Endure Medical, Inc.) which has relatively significant influence over a key management personnel of the Company. The Indentor facilitates the importation and acquisition of medical and hospital equipment, furniture and fixtures for the hospital building under construction (see Notes 8 and 9).

The foregoing is classified as a related party transaction(s) (pursuant to the condition set forth in PAS 24), wherein the key management personnel of Endure Medical, Inc. has significant influence over the Company and its key officer.

(b) Advances to a related party - TIPP Digital Solutions Inc.

The account represents a 15% downpayment made for the acquisition of Healthcare Management Information System.

(c) Loans payable to a related party

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., which has relatively significant influence over a key management personnel of the Company. The loan was incurred for payment of interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 4.50%-5.50% per annum and is payable subject to availability of funds. Interest incurred for the years ended December 31, 2022 and 2021 and is reflected in the statements of comprehensive loss amounted to ₱10,488,435 and ₱1,274,363, respectively. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

Key Management Personnel Compensation

Key management compensation amounted to ₱5,818,958, ₱4,320,000 and ₱4,690,000 for the years ended December 31, 2022, 2021 and 2020, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

NOTE 14 - SHARE CAPITAL

Details of the Company's share capital as at December 31, 2022:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	**600**	**600,000**
Common shares	**239,400**	**239,400,000**
Total authorized share capital	**240,000**	**240,000,000**
Subscribed share capital:		
Founder's shares	**600**	**600,000**
Common shares	**235,070**	**235,070,000**
Total subscribed share capital	**235,670**	**235,670,000**
Paid-up share capital:		
Founder's shares	**600**	**600,000**
Common shares	**235,070**	**235,070,000**
Total paid-up share capital	**235,670**	**235,670,000**

Details of the Company's share capital as at December 31, 2021:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	240,000,000

Subscribed share capital:		
Founder's shares	600	600,000
Common shares	234,460	234,460,000
Total subscribed share capital	235,060	235,060,000

Paid-up share capital:		
Founder's shares	600	600,000
Common shares	234,460	234,460,000
Total paid-up share capital	235,060	235,060,000

In 2018, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of its 36,000 common shares. Said registration statement was approved on December 27, 2019, in accordance with the provisions of the SEC's Securities Regulation Code (see Note 1).

As of date, pursuant to the SEC's approval, the Company issued a total of **THIRTY-ONE THOUSAND SIX HUNDRED TWENTY (31,620)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱783,283,829. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one (1) block = ten (10) common shares].

Founder's shares have the exclusive right to vote and be voted upon as directors for five (5) years from the date of SEC registration. Thereafter, the holders of Founder's shares shall have the same rights and privileges as holders of common shares.

NOTE 15 - OTHER INCOME

Details of account consist of:

	2022	2021	2020
Unrealized foreign exchange gain (Note 6)	**109,901**	–	–
Interest income (Note 6)	**10,028**	22,133	95,937
Gain on sale from scraps	**-**	–	11,380
	119,929	22,133	107,317

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of account consists of:

	Notes	**2022**	2021	2020
Salaries and allowances[1]	*13*	**12,391,189**	10,114,250	10,607,015
Board meetings and conferences		**2,087,830**	2,361,231	9,960,373
Taxes and licenses[2]		**1,871,785**	207,982	1,350,661
Professional fee and legal fees[1]		**1,693,213**	1,803,246	2,299,496
Security services		**1,084,372**	1,848,089	1,625,740
Depreciation	*8*	**879,938**	502,103	422,949
SSS, PHIC and HDMF Contributions		**734,057**	600,173	516,045
Office supplies		**285,099**	393,884	262,158
Trainings and seminars		**152,557**	288,095	27,255
Utilities		**127,511**	136,494	760,656
Transportation and travel	*13*	**67,409**	40,182	374,228
Advertising expenses		**63,200**	51,414	249,143
Rental[3]		**9,500**	50,151	316,000
Amortization		**8,333**	41,667	–
Insurance expense		–	144,642	777,807
Miscellaneous		**597,199**	467,720	96,826
		22,053,192	19,051,323	29,646,352

[1] Material amount of professional fees in 2020 is due to payment for the processing of the secondary licenses of the Company and for engaging a financing officer who shall primarily be responsible in managing the Company's finances, record-keeping, and financial reporting.

[2] Decrease in taxes and licenses in 2021 resulted from absence of documentary stamp tax due to no additional bank loans obtained that year.

[3] Decrease in rental expense is due to the termination of the office space lease agreement. Rental expense in 2022 and 2021 pertains to rental of photocopier machine.

NOTE 17 - INCOME TAX EXPENSE

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

I. Regular Corporate Income tax (RCIT)	**2022**	2021	2020
Net loss before income tax	**(52,221,917)**	(35,006,627)	(43,369,210)
Add (deduct) reconciling items:			
Interest expense arbitrage	**2,507**	5,533	39,574
Non-deductible penalties on taxes (Note 16)	**-**	133,499	–
Unrealized forex gain (Note 6)	**(109,901)**	–	–
Interest income subjected to final tax (Notes 6 and 15)	**(10,028)**	(22,133)	(95,937)
Net operating loss	**(52,339,339)**	(34,889,728)	(43,425,573)
Tax rate	**25%**	25%	30%
RCIT	**NIL**	NIL	NIL

II. Minimum Corporate Income Tax (MCIT)

For the years ended December 31, 2022 and 2021, the Company did not generate any revenues subject to minimum corporate income tax.

III. Tax Due (RCIT or MCIT whichever is higher)	2022	2021
Tax due	-	-
Less: Tax credits or payments		
Quarterly income tax payments (1st - 3rd quarter)	-	-
Creditable withholding tax (1st - 3rd quarter)	-	-
Creditable withholding tax (4th quarter)	-	-
Income tax payable	-	-

CREATE ACT

On March 26, 2021, Republic Act No. 11534, otherwise known as "The Corporate Recovery and Tax Incentives for Enterprises Act" 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.

The following are the key features of the CREATE Law that are relative to the Company:

A. Corporate Income Tax (CIT)

1. Starting July 1, 2020, CIT rate for corporations will be reduced as follows:
   a. Reduced CIT rate of 20% shall be applicable to domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100 Million (excluding land on which the business entity's office, plant and equipment are situated).
   b. Reduced CIT rate of 25% shall be applicable to all other domestic and resident foreign corporations.
2. For the period beginning July 1, 2020 until June 30, 2023, minimum corporate income tax rate shall be 1%, instead of 2%.
3. Improperly accumulated earnings tax is repealed.
4. The option to be taxed at 15% of gross income if allowed by the President subject to certain conditions is repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

B. Deductions from Gross Income

Due to the proposed reduction in CIT rate, interest arbitrage shall be reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

C. VAT Exempt Transactions

1. Additional VAT exemption on sale or importation of the following goods from January 1, 2021 to December 31, 2023:
   a. Capital equipment, its spare parts and raw materials, necessary to produce personal protective equipment component;
   b. all drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19;
   c. drugs, including raw materials, for the treatment of COVID-19 approved by the FDA for use in clinical trials
2. VAT exemption on sale or importation of prescription drugs and medicines for cancer, mental illness, tuberculosis, and kidney diseases will start on January 1, 2021 instead of January 1, 2023.

IV. Deferred Tax Asset

As at December 31, 2022, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2019	2022	37,141,073	–	(37,141,073)	–	–
		37,141,073	–	**(37,141,073)**	–	–

On September 30, 2020, Finance Secretary Carlos Dominguez and Internal Revenue Commissioner Caesar Dulay signed Revenue Regulation 25-2020, implementing Section 4 of the Bayanihan to Recover as One or Bayanihan 2 Act, particularly on the NOLCO of companies. The Bureau of Internal Revenue (BIR) has extended to five years the carry-over period for net operating losses incurred by businesses in 2020 and 2021 due to the impact of the coronavirus pandemic.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	2025	43,425,573	–	–	–	43,425,573
2021	2026	34,889,728	–	–	–	34,889,728
2022	2025	–	52,339,339	–	–	52,339,339
		78,315,301	**52,339,339**	–	–	**130,654,640**
Effect of CREATE Law		**7,795**	–	–	–	**7,795**
		78,323,096	**52,339,339**	–	–	**130,662,435**

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	**2023**	**228**	–	–	–	**228**
Effect of CREATE Law		**(57)**	–	–	–	**(57)**
		171	–	–	–	**171**

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

	2022	2021	2020
NOLCO	**130,662,435**	115,464,169	99,510,796
Tax rate	**25%**	25%	30%
	32,665,609	28,866,042	29,853,239
MCIT	**171**	171	228
	32,665,780	28,866,213	29,853,467
Valuation allowance (Note 5)	**(32,665,609)**	(28,866,042)	(29,853,239)
Deferred tax asset (other noncurrent assets)	**171**	171	228

The Company's deferred tax assets arises from excess MCIT from the current and prior year's period that can be charged against income of the next three taxable years and is presented as part of "other non-current assets" in the statements of financial position.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since management believes that the Company will not be able to generate future taxable income in which such can be applied. The deferred tax asset of the Company arising from net operating loss carry over (NOLCO) prior to 2020 can be charged against future taxable income of the next three (3) years. On the other hand, deferred tax assets arising from NOLCO for the years 2020 and 2021 can be charged against future taxable income of the next five (5) taxable years.

NOTE 18 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2022	2021	2020
Loss attributable to ordinary shares	**(52,221,917)**	(35,006,627)	(43,369,210)
Divide by: Weighted average number of ordinary shares outstanding	**235,670**	235,060	221,234
Basic loss per share	**(221.59)**	(148.93)	(196.03)

There are no potential dilutive ordinary shares outstanding as at December 31, 2022, 2021 and 2020.

NOTE 19 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, and interest rate risk to its financial assets and financial liabilities.

The Company's principal financial assets and financial liabilities consist of cash (excluding petty cash fund), receivable - others, other non-current assets payable (excluding deferred tax assets), accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans payable to a related party and notes payable which arise from operations.

The Company's Board of Directors reviews and approves the policies for managing each of these risks and these are summarized below:

Credit risk

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

The Company's financial assets at amortized cost are composed of cash (excluding petty cash fund), receivable – others and other noncurrent assets (excluding deferred tax assets). The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

Receivable - others and other non-current assets are being monitored on a regular basis to ensure timely execution of necessary intervention efforts to minimize credit losses.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	As at December 31, 2022			
	Financial assets at amortized cost			
	12-month ECL	**Lifetime ECL – not credit impaired**	**Lifetime ECL – credit impaired**	**Total**
Cash in banks*	**11,484,559**	**–**	**–**	**11,484,559**
Receivable - others	**2,438,056**	**–**	**–**	**2,438,056**
Other non-current assets**	**–**	**5,015,000**	**–**	**5,015,000**
	13,922,615	**5,015,000**	**–**	**18,937,615**

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.*

	As at December 31, 2021			
	Financial assets at amortized cost			
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks*	14,484,332	–	–	14,484,332
Receivable - others	3,237,553	–	–	3,237,553
Other non-current assets**	–	5,015,000	–	5,015,000
	17,721,885	5,015,000	–	22,736,885

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2021.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2021.*

Interest Rate Risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The primary source of the Company's interest rate risk relates to its cash in banks, notes payable and loans payable to a related party (Notes 6, 12 and 13).

Cash in banks are subject to prevailing market interest rates. Considering that such financial assets have short-term maturities, the Company does not foresee any cash flow and fair value interest rate risks to have a significant impact on the Company's operations.

Likewise, notes payable and loans payable to a related party are subject to prevailing market interest rates. As such, these are subject to fluctuations in market interest rates for a given period.

The Company has no established policy in managing interest rate risk. Any favorable or unfavorable effect of the fluctuations on the interest rates are absorbed by the Company. The effect of such is presented in the Company's financial performance.

Liquidity Risk

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on contractual and undiscounted payments:

As at December 31, 2022

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	**11,484,559**	–	–	–	**11,484,559**
Receivable - others	**2,438,056**	–	–	–	**2,438,056**
Other non-current assets**	–	–	**5,015,000**	–	**5,015,000**
	13,922,615	–	**5,015,000**	–	**18,937,615**

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.*

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Liabilities:					
Accounts payable and other liabilities***	**132,335,170**	–	–	–	**132,335,170**
Loans payable to individuals	**20,766,700**	–	–	–	**20,766,700**
Loans payable to a related party	**237,834,969**	–	–	–	**237,834,969**
Notes payable	**28,747,867**	**246,784,629**	**610,963,402**	–	**886,495,898**
	419,684,706	**246,784,629**	**610,963,402**	–	**1,277,432,737**

****Excluding government liabilities amounting to ₱464,334 as at December 31, 2022.*

As at December 31, 2021

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	**14,484,332**	–	–	–	**14,484,332**
Receivable - others	**3,237,553**	–	–	–	**3,237,553**
Other non-current assets**	–	–	**5,015,000**	–	**5,015,000**
	17,721,885	–	**5,015,000**	–	**22,736,885**

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2021.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2021.*

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Liabilities:					
Accounts payable and other liabilities***	**86,782,036**	**–**	**–**	**–**	**86,782,036**
Loans payable to individuals	**23,000,000**	**–**	**–**	**–**	**23,000,000**
Loans payable to a related party	**108,834,969**	**–**	**–**	**–**	**108,834,969**
Notes payable	**35,055,603**	**95,342,150**	**730,920,691**	**–**	**861,318,444**
	253,672,608	**95,342,150**	**730,920,691**	**–**	**1,079,935,449**

****Excluding government liabilities amounting to ₱470,823 as at December 31, 2021.*

FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities are presented below:

	As at December 31, 2022		As at December 31, 2021	
	Carrying Amounts	**Carrying Amounts**	Carrying Amounts	Fair Values
Financial Assets:				
Cash*	**11,484,559**	**11,484,559**	14,484,332	47,992,046
Receivable - others	**2,438,056**	**2,438,056**	3,237,553	3,237,553
Other non-current assets**	**5,015,000**	**5,015,000**	5,015,000	5,015,000
	18,937,615	**18,937,615**	22,736,885	53,147,698

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022 and 2021.*
***Excluding petty cash fund amounting to ₱171 as at December 31, 2022 and 2021, respectively.*

Financial Liabilities:				
Accounts payable and other liabilities***	**132,335,170**	**132,335,170**	86,782,036	86,782,036
Loans payable to individuals	**20,766,700**	**20,766,700**	23,000,000	23,000,000
Loans payable to a related party	**237,834,969**	**237,834,969**	108,834,969	108,834,969
Notes payable	**886,495,898**	**886,495,898**	861,318,444	861,318,444
	1,277,432,737	**1,277,432,737**	1,079,935,449	1,079,935,449

****Excluding government liabilities amounting to ₱464,334 and ₱470,823 as at December 31, 2022 and 2021, respectively.*

Assumption Used to Estimate Fair Values

The carrying amounts of cash, receivable - others, accounts payable and other liabilities, loans payable to individuals, and loans payable to a related party approximate their fair values as at reporting dates due to the short-term nature of the transactions.

The carrying amount of notes payable approximates its fair value due to pre-determined contractual cash flow arrangements based on an applicable and regular re-priceable Philippine Dealing System Treasury (PDST) floating rate covering the term of the loan, as provided by the financial lending institution.

The fair value of refundable deposits cannot be measured reliably since there was no comparable market data and inputs for the sources of fair value such as discounted cash flows analysis. However, Management believes that their carrying amounts approximate their fair value.

Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable for the asset or liability

The table below summarizes the classification of the Company's financial assets and liabilities based on the fair value measurement hierarchy:

	As at December 31, 2022		
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Un-observable Inputs (Level 3)**
Financial Assets:			
Cash*	**11,484,559**	–	–
Receivable - others	–	**2,438,056**	–
Other non-current assets**	–	**5,015,000**	–
	11,484,559	**7,453,056**	–

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.*

Financial Liabilities:			
Accounts payable and other liabilities***	–	**132,335,170**	–
Loans payable to individuals	–	**20,766,700**	–
Loans payable to a related party	–	**237,834,969**	–
Notes payable	–	**886,495,898**	–
	–	**1,277,432,737**	–

****Excluding government liabilities amounting to ₱464,334 as at December 31, 2022.*

	As at December 31, 2021		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
Financial Assets:			
Cash*	14,484,332	–	–
Receivable - others	–	3,237,553	–
Other non-current assets**	–	5,015,000	–
	14,484,332	8,252,553	–

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2021.*
***Excluding deferred tax assets amounting to ₱171 as at December 31, 2021.*

Financial Liabilities:			
Accounts payable and other liabilities***	–	86,782,036	–
Loans payable to individuals	–	23,000,000	–
Loans payable to a related party	–	108,834,969	–
Notes payable	–	861,318,444	–
	–	1,079,935,449	–

****Excluding government liabilities amounting to ₱470,823 as at December 31, 2021.*

There were no reclassifications made between the different fair value hierarchy level as at December 31, 2022 and 2021.

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholders value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

The following table pertains to the account balances the Company considers as its core economic capital:

	2022	2021
Share capital	**235,670,000**	235,060,000
Share premium	**783,283,829**	726,166,619
Deficit	**(197,870,210)**	(145,648,293)
	821,083,619	815,578,326

The loan agreement with Landbank (Note 12) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting dates, all covenants and requirements are complied with except for the required financial ratio wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 20 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at and for the year ended December 31, 2022, including its comparative figures as at 2022 and 2021, were approved and authorized for issuance by the Board of Directors on April 23, 2023.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR)

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

Revenue Regulations (RR) 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclos*u*res mandated under PFRS is presented as follows:

Output and Input Value-Added Tax

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

Documentary Stamp Tax

Documentary stamp tax paid by the Company during the year amounted to ₱505,795 for the newly subscribed common shares.

Taxes and licenses

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

	2022
Business permit	**1,323,845**
Documentary stamp tax	**505,795**
Real property tax	**15,119**
Community tax certificate	**500**
Annual BIR registration fee	**500**
Others	**26,026**
	1,871,785

Withholding Taxes

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

	2022
Expanded withholding taxes	**1,980,449**
Compensation withholding tax	**588,384**
	2,568,833

Deficiency Tax Assessment and Tax Cases

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in court or bodies outside the Bureau of Internal Revenue as of December 31, 2022.

RR 19-2020 and RR 34-2020

In 2020, the Bureau of Internal Revenue (BIR) issued the foregoing Revenue Regulations for the effective implementation of Philippine Accounting Standard No. 24 (PAS 24) governing the guidelines and procedures for "transfer pricing documentations" involving related party transactions thru the submission of BIR Form No. 1709 and the supporting documents, as an attachment to the financial statements to be filed with the BIR.

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

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ASIA PACIFIC
MEDICAL CENTER
ILOILO
BRGY. UNGKA, JARO, ILOILO CITY,
PHILIPPINES 5000

Summary of 2022 17-C Reports

Date Reported	Subject
March 15, 2022	Petition for Certiorari
March 28, 2022	Notice of Postponement of the 2022 Annual Stockholders' Meeting
May 23, 2022	Notice of 2022 Annual Stockholders' Meeting
August 25, 2022	Debt Refinacing and Change of Web Address or Uniform Resource Locator
October 04, 2022	Election of Directors and Appointment of Officers
December 27, 2022	Discount for bulk purchase of shares of stock