ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel. No. (033) 321-57-48

NOTICE OF REGULAR MEETING OF STOCKHOLDERS
August 26 2021

On its meeting held on 18 April 2021, the 2021 Board of Directors had decided to postpone the Regular Meeting of the Stockholders of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center – Iloilo, Inc.) on 26 August 2021 at 9:00 am.

The meeting will be conducted via remote communication thru a Zoom Conference.

Agenda of the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Regular Stockholders' Meeting held on 29 October 2020
4. Report of the Management on the Status of the Construction of the Hospital as of 30 June 2021
5. Presentation of Annual Report and Audited Financial Statements for the year ended 31 December 2020 and action thereon
6. Open Forum
7. Ratification and Approval of all previous acts and resolutions of the Board of Directors and Corporate Officers
8. Appointment of External Auditor
9. Election of the 2021 Board of Directors
10. Other Matters
11. Adjournment

Only stockholders of record as of 6 August 2021 are entitled to notice of and to vote at this meeting.

For the health and safety of the stockholders and all persons in light of the risks associated with the COVID-19 pandemic, the Company will not hold a physical meeting and will instead conduct the meeting via Zoom webinar. Stockholders can therefore only attend and participate in the meeting by remote communication. Stockholders also have the option to vote in absentia or appoint the Chairman as proxy.

Stockholders who intend to attend by remote communication shall inform the Company by email to acemciloilo.corpsec@gmail.com on or before 21 August 2021 subject to the procedure set in the Information Statement which will be posted in the Company's website www.acemc-iloilo.com. In the same website, stockholders may access the following: (a) Minutes of the Meeting on 29 October 2020 and (b) Proxy Form for Attendance at Meeting and other meeting documents required under Section 49 of the Revised Corporation Code. The link for the Zoom webinar will be sent to the email address of the stockholders who registered to attend via remote communication.

To those who would opt to participate by voting through the Chairman as proxy, the deadline for submission of proxies will be at 5:00 pm of 19 August 2021. Those who are unable to join the meeting via remote communication but wish to vote on items in the agenda may appoint the Chairman as proxy with specific voting instructions which will be duly counted. Proxies can be submitted to the Office of the Corporate Secretary or via email to the aforementioned address. For individual stockholders, the submission must be accompanied by a copy of a government issued ID as proof of identification. For corporations, the submission must be accompanied by a certification from its Corporate Secretary stating the corporate officer's authority to represent and sign on behalf of the corporation. In case a quarantine is in effect which makes it difficult to obtain notarization at the time of submission, the Secretary's Certificate, ballots and proxies need not be notarized. Kindly submit to the Office of the Corporate Secretary the original signed and notarized documents within a reasonable time after the resumption of regular business operations.

During the meeting, the Company shall entertain questions and comments from the stockholders after the presentation of the Annual Report. Questions which were not answered during the meeting shall be forwarded to the Office of the Corporate Secretary for the appropriate response via email.

For ASM-related queries, you may send an email to acemciloilo.corpsec@gmail.com or contact the Office of the Corporate Secretary at 3215748, 09292703169 and 09452331438. For concerns regarding shareholdings, please contact Toni Dinah Cheer D. Fernandez of the Investor Relations Office at 3215748, 09292703169 and 09452331438 or via email directly to acemciloilo@yahoo.com.

MAYLENE B. VILLANUEVA
Corporate Secretary

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EXPLANATION OF AGENDA ITEMS

Call to Order

The Chairman will formally open the meeting at approximately 9:00 o'clock in the morning.

Certification of notice and quorum (and rules of conduct and procedures)

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Section 57 and 23 of the Revised Corporation Code which allow voting in Absentia by the stockholders , the Corporation has set up an online voting portal which may be accessed by the stockholders to register and vote at the matters of the meeting in absentia. A stockholder who votes in absentia shall be deemed present for purposes of quorum.

Stockholders may participate in the meeting by remote communication. Stockholders who intend to attend by remote communication who have not registered to vote in absentia shall inform the Company by email to acemciloilo.corpsec@gmail.com on or before 21 August 2021 subject to the procedure set in the Information Statement which will be posted in the Company's website or register in the online voting portal within the period prescribed.

Approval of the Minutes of the Regular Stockholders Meeting held on 29 October 2020

The Minutes of the Meeting held on 29 October 2020 is available at the company website www.acemc-iloilo.com.

Report of the Management on the Construction Status as of 30 June 2021

The Management will present a report on the status of the Construction of the Hospital. A Resolution Noting the Report will be presented.

Annual Report

Copies of the Annual Report which contains the Chairman's Message, Management Report and the 2020 Audited Financial Statements will be posted in the Company's website.

The Audited Financial Statements (AFS) as of 31 December 2020 will be presented to the stockholders for their approval. The AFS will be included in the Information Statement to be sent

to the stockholders at least fifteen (15) business days prior to the meeting and will also be set forth in the Annual Report. The Audit Committee has recommended to the Board the approval of the AFS, and the Board had approved the same on April 18, 2021.

A Resolution noting the report and approving the Audited Financial Statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock present at the meeting.

Open Forum

The Investor Relations Officer will read the questions and comments of stockholders which will be answered by the concerned officers. Questions and comments not taken up shall be forwarded to the Office of the Corporate Secretary and will be addressed via email.

Ratification and Approval of All the acts and Proceedings of the Board of Directors and Corporate Officers

The acts of the Board and its Committees were those adopted since the annual stockholders' meeting on 29 October 2020 until the date of meeting. They include the approval of agreements, appointments, opening of bank accounts, financial transactions and other matters covered by disclosures to the Securities and Exchange Commission. The acts of the officers were those taken to implement the resolution of the Board or its Committees or in the general conduct of business.

A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding stock present at the meeting.

Election of the Board of Directors

The Nominations and Election Committee of the Board had evaluated and determined that the seventeen nominees to the Board, including the nominees for independent directors, have all the necessary qualifications to serve as directors and the expertise and competence, individually and collectively, to enable the Board to fulfill its roles and responsibilities and manage the Company to achieve its objectives.

The profiles of the candidates to the Board of Directors will be provided in the Information Statement. A resolution on the election of the top twelve (12) nominees for Directors and three (3) Independent Directors who will garner the highest votes will be presented to and approved by the stockholders representing at least a majority of the outstanding capital stock present at the meeting.

Appointment of External Auditor and Fixing of its Renumeration

The Audit Committee of the Board thru the Corporate Treasurer will endorse to the stockholders the appointment of Dimaculangan & Dimaculangan as the external auditor for the ensuing year as well as its proposed remuneration. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

The profile of Dimaculangan & Dimaculangan will be provided in the Information Statement.

A resolution for the appointment of the external auditor, Dimaculangan, and for the approval of its remuneration will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the outstanding capital stock present at the meeting.

Consideration Of Such Other Business as May Properly Come Before the Meeting

The stockholders may raise such other matters or issues that may be properly taken up during the meeting.

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PROPOSED RESOLUTIONS

1. RESOLUTION APPROVING THE MINUTES OF THE PREVIOUS MEETING

   ☐ For ☐ Against ☐ Abstain

2. RESOLUTION NOTING THE MANAGEMENT REPORT ON CONSTRUCTION

   ☐ For ☐ Against ☐ Abstain

3. RESOLUTION NOTING THE ANNUAL REPORT AND APPROVING THE 2020 AUDITED FINANCIAL STATEMENT

   ☐ For ☐ Against ☐ Abstain

4. RESOLUTION RATIFYING THE PREVIOUS ACTS OF THE BOARD OF DIRECTORS AND OFFICERS

   ☐ For ☐ Against ☐ Abstain

5. RESOLUTION APPROVING THE ELECTION TO THE BOARD OF DIRECTORS OF THE TOP TWELVE (12) NOMINEES FOR REGULAR DIRECTORS AND TOP THREE (3) NOMINEES FOR INDEPENDENT DIRECTORS

   ☐ For ☐ Against ☐ Abstain

6. ELECTION OF DIMACULANGAN, DIMACULANGAN AND CO. AS INDEPENDENT AUDITOR FOR THE YEAR 2021 AND FIXING ITS REMUNERATION

   ☐ For ☐ Against ☐ Abstain

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PROXY

The undersigned stockholder of **ASIA PACIFIC MEDICAL CENTER-ILOILO, INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO, INC.)**(the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact and proxy, torepresent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on 25 August 2021 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Previous Meeting

   For ☐ Against ☐ Abstain ☐

2. Noting of the Report of the Management on the Update on Construction

   For ☐ Against ☐ Abstain ☐

3. Noting of the Annual Report and Approval of the Audited Financial Statements as of December 2020

   For ☐ Against ☐ Abstain ☐

4. Ratification of the Acts of the Board of Directors and Officers

   For ☐ Against ☐ Abstain ☐

5. Election of Directors

NOMINEES FOR REGULAR DIRECTOR	**NO. OF VOTES**
(Please note that of the fourteen (14) nominees, only twelve (12) will be elected)	
Ferjenel G. Biron	________
Geanie Cerna-Lopez	________
Felibert O. Dianco	________
Lemuel T. Fernandez	________
Lusyl M. Gomez	________
Meride D. Lavilla	________
Amado M. Lavalle Jr.	________
Ike T.Minera	________
Felix P.Nolasco	________
Generoso M. Orillaza	________
Danilo C. Regozo	________
Fredilyn G. Samoro	________
Rolex T. Suplico	________
Agnes Jean M. Villaflor	________

INDEPENDENT DIRECTORS

Jerusha A. Comuelo	________________
Ma. Teresa F. Debuque	________________
Ronald L. Ramiro	________________

6. Election of Dimaculangan, Dimaculangan and Co. CPA's as the Independent Auditor and Fixing of its Remuneration

For ☐ Against ☐ Abstain ☐

7. At his/her Discretion, the Proxy Named Above is Authorized to Vote Upon such Other Matters as may Properly Come Before the Meeting

Yes ☐ No ☐

A SCANNED COPY OF THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT acemciloilo.corpsec@gmail ON OR BEFORE **25 August 2021**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE CHAIRMAN.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS ON THE VOTING IN ABSENTIA REGISTRATION SYSTEM.

____

NAME OF AUTHORIZED SIGNATORY AND SIGNATURE

COVER SHEET

C S 2 0 1 4 2 3 9 5 4

S.E.C. Registration Number

A S I A P A C I F I C M E D I C A L C E N T E R -

I L O I L O , I N C .

(Company's Full Name)

B R G Y . U N G K A 1 , J A R O I L O I L O

C I T Y 5 0 0 1

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

MAYLENE B. VILLANUEVA	09175234802
Contact Person	Company Telephone Number

1 2	3 1	2021 20-IS DEFINITIVE INFORMATION	0 4	3rd Sat
Month	Day	FORM TYPE	Month	Day

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

S E C	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

LCU

CASHIER

SEC Main Office
Ground Floor, Secretariat Building, PICC Complex, Pasay City, Metro Manila

electronic Official Receipt

Transaction Details

eOR Number	20210726-PM-0004771-18
Transaction Number	120707942410
Payment Date	July 26, 2021 03:27 PM
Payment Scheme	visa
Status	COMPLETED
Payment Status	PAYMENT_SUCCESS

Payment Assessment Details

PAF No.	20210726-3807169
PAF Date	2021-07-26 08:25:48
Payor Name	ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.
Payor Address	ILOILO CITY

#	Nature of Collection	Account Code	Amount
1	Information Statement - Registrant	4020199099(678)	7,500.00
2	Legal Research Fee (A0823)	2020105000(131)	75.00
		TOTAL	**7,575.00**

Total amount indicated herein does not include the convenience/service fee of the selected payment channel.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter

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

3. Iloilo City, Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number CS201423954

5. BIR Tax Identification Code 008-922-703

6. Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City — 5000
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code (063)09175234802

8. August 26, 2021, 9:00 AM, Cor. Peso-Dollar Sts., Bankers Village IV, Brgy. Tabuc Suba, Jaro, Iloilo City
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 5 August 2021

10. Proxy is not solicited.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Founder	600
Common	234,450
Amount of Debt	1,016,923,468.86

11. Are any or all of the registrant's securities listed in a Stock Exchange?

    Yes _______ No __√__

None of the founder and common shares of the company are listed on the Philippine Stock Exchange

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

(a) Date: August 26, 2021
Time: 9:00 AM
Place: Cor. Peso-Dollar Sts., Bankers Village IV, Brgy. Tabuc Suba, Jaro, Iloilo City
Complete Mailing Address : Investor Relations Office
Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center- Iloilo, Inc.)
Brgy. Ungka I, Jaro, Iloilo City

(b) Approximate date when the Information Statement is first sent out to stockholders of record: August 5, 2021

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal

In accordance with Sec. 80 of the Revised Corporation Code of the Philippines, any stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case of an amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
3. In case of merger and consolidation; and
4. In case of investment of funds for any purpose other than the primary purpose of the corporation.

One of the acts of the Board of Directors to be ratified in the Annual Stockholders Meeting is the approval of the take-out of Asian United Bank of the Loan from the Landbank of the Philippines. This involves the mortgage of substantially all of the corporate property and assets of the corporation. However, the stockholders must note that at present, substantially all of the corporate assets of the company are already mortgaged with Land Bank as previously disclosed in the Prospectus and the effect of the take out is to only increase the loan of the company to another Three Hundred Forty Million Pesos (340,000,000).

The procedure for the exercise by a dissenting stockholder of his appraisal right are as follows:

(a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(b) The dissenting stockholder shall make a written demand on the Company within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within the 30-day period shall be deemed a waiver on his appraisal right.
(c) If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of corresponding certificate (s) of stock within 10 days after demanding payment for his shares, the fair value of the shareholder's shares in the Company as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger, if such be the corporate action involved. Failure by the dissenting shareholder to surrender his shares within said 10-days period shall, at the option of the Company, terminate his appraisal rights.
(d) If within sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and the Company cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two (2) thus chosen.
(e) The findings of a majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.
(f) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the company.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the following persons have any substantial interest, direct or indirect in any matter to be acted upon other than election to office:

i. Directors or officers of the Company at any time since the beginning of the last fiscal year;
ii. Nominees for election as directors of the Company
iii. Associate of any of the foregoing persons

No director or nominee for election as director has informed the Company of his opposition to any matter to be acted upon at the Annual Stockholders Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. The Company has 235,050 outstanding shares as of 30 June 2021 composed of 600 Founder shares and 234,450 common shares. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

b. All stockholders of record as of 6 August 2021 are entitled to notice and to vote at the Company's concerned annual stockholders' meeting.

c. Manner of Voting and Election of Directors (Cumulative Voting)

   Section 23 of the Revised Corporation Code provides that the right to vote through remote communication or in absentia may be exercised in corporations vested with public interest notwithstanding the absence of a provision in the By-Laws of the Corporation. In addition, the amendment of the by-laws to allow the exercise of the right to vote via remote communication or in Absentia was approved on 29 October 2020. The requirements and procedure for electronic voting in Absentia and participation by remote communication is attached in this Information Statement as Annex A.

A stockholder may also vote in the meeting pursuant to Sec 7, Article II of the By-laws by proxy executed in writing by the stockholder through the Chairman who will preside the meeting in Iloilo City as mandated by Section 15 of SEC Memorandum Circular No. 6 Series of 2020.

If the stockholder chooses to vote through proxy, the Company requires the submission of a proxy form to the Corporate Secretary no later than 5:00 pm 19 August 2021 via acemciloilo.corpsec@gmail.com. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. Proxies filed with the Secretary may be revoked by the stockholder concerned either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by participation via remote communication provided he had previously registered to participate via remote communication.

The Committee on Inspection of Proxies and Ballots shall convene thru a meeting via remote communication on 22 August 2021 at 7:00 pm. The Committee shall validate the proxies received. Any questions and issues relating to the validity and sufficiency, both as to form and substance of proxies shall only be resolved by the Corporate Secretary at that forum. The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.

The Stockholders are entitled to cumulative voting in the election of the Board of Directors, as provided by the Corporation Code.

Each common share of APMC Iloilo (formerly: ACEMC Iloilo) owned by a shareholder as of 6 August 2021 is entitled to one (1) vote (each, a Voting Share/s) except in the election of directors where one share is entitled to as many votes as there are Directors to be elected. The election of Directors shall be by online ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as Directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit , provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are fifteen (15) directors to be elected, each Voting Share is entitled to fifteen (15) votes. One (1) block of ten (10) common shares would be entitled to 150 votes.

The Shares shall be voted through the online voting portal. Votes will be counted by the Voting count system integral to the application and canvassed by the Board of Canvassers. The Board of Canvassers shall convene on 9: 00 pm 25 August 2021 for partial canvassing of votes made through the online voting portal.

d. Security Ownership of Certain Record and Beneficial Owners and Management

1) Security Ownership of Certain Record and Beneficial Owners

Dr. Ferjenel G. Biron is the only record and/or beneficial owner of more than 5% of any class of registrant's voting securities as of 30 June 2021.

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 Streets, Valle Verde VI, Pasig City	Biron, Ferjenel G./ Record Owner is also Beneficial Owner.	Filipino	76,350 170	**32.55%**

2) Security Ownership of Management

The following are each class of equity securities of the registrant beneficially owned by individual directors, executive officers and nominees as of 30 June 2021.

DIRECTORS, EXECUTIVE OFFICERS AND NOMINEES

Title of Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common Founder	Biron, Ferjenel G.	76,350 170	NONE	Filipino	**32.55%**
Common Founder	Samoro, Fredilyn G.	6,780 20 Total 6,800	3,390 10 Total 3400[1]	Filipino	**4.34%**
Common Founder	Lavilla, Meride D.	3,390 10 Total 3,400	2,490 [2] 300 [3] 300 [4] 300[5] 10 Total 3,400	Filipino	**2.89%**
Common Founder	Villaflor, Agnes Jean M.	3,390 10	NONE	Filipino	**1.45%**
Common Founder	Regozo, Danilo C.	3,452 10	NONE	Filipino	**1.47%**
Common Founder	Lavalle, Amado Jr.	3,452 10	NONE	Filipino	**1.47%**

[1] Shares owned by Ronnie Z. Samoro
[2] Shares owned by Francis Lavilla
[3] Shares owned by Lou Valerie D. Lavilla
[4] Shares owned by Francine Marie D. Lavilla
[5] Shares owned by Meryll Faith D. Lavilla

DIRECTORS AND NOMINEES

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Founder	Comuelo, Jerusha A.	3,390 10	NONE	Filipino	1.45%
Common Founder	Dianco, Felibert	3,380 10	NONE	Filipino	1.44%
Common Founder	Minerva, Ike T.	3,390 10	NONE	Filipino	1.45%
Common Founder	Nolasco, Felix	2340 10 Total -2350	2340 10 Total -2350[6]	Filipino	2.0%
Common Founder	Ramiro, Ronald	3,390 10	NONE	Filipino	1.45%
Common Founder	Fernandez, Lemuel T.	2,030 10	NONE	Filipino	0.87%
Common Founder	Suplico, Rolex T.	1990 10	NONE	Filipino	0.85%

DIRECTOR

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common Founder	Perez, Ma. Grace G.	3,390 10	NONE	Filipino	1.45%

EXECUTIVE OFFICERS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common	Samoro, Elmer T.	10	NONE	**Filipino**	**0.0042%**
Common	Villanueva, Maylene B.	10	NONE	**Filipino**	**0.0042%**

[6] Shares of Eulena Nolasco

NOMINEES

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common Founder	**Cerna- Lopez, Geanie**	3,390 10	NONE	Filipino	**1.45 %**
Common Founder	**Orillaza, Generoso**	3,390 10 Total 3400	3,390 10 Total 3400[7]	Filipino	**2.89%**
Common Founder	Debuque, Ma. Teresa F.	2,030 – Direct 10	NONE	Filipino	**0.87%**

Except for Dr. Ferjenel G. Biron who owns 32.55%, Fredilyn G. Samoro who owns 4.34%, Meride D. Lavilla who owns 2.89%, Felix Nolasco who owns 2.0%, none of the company's directors and management owns directly or indirectly 2.0% or more of the outstanding capital stock of the Company.

VOTING TRUST HOLDERS OF 5.0% OR MORE

As of June 30, 2021, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

CHANGES IN CONTROL

After the assignment/transfer of all the shares of the Enriquez family, Roberto and Rhodora de Leon, Felicisimo de Castro, Ricardo de los Trinos and Fernando Carlos and some of the shares of Maita Cruz, Felix Nolasco, Esmeralda dela Rosa, Ronald Ramiro, Evangeline Zozobrado, Cesar Tongo and Gloria de Castro the number of shares held by Ferjenel Biron, Fredilyn G. Samoro, Meride Lavilla, Ruben Ramirez, Danilo Regozo, Amado Lavalle Jr., Lemuel Fernandez and Ma. Teresa Debuque and other Founders whose CAR are still being processed before the BIR had increased. A possible change in control may still occur in the succeeding months if any person, natural or juridical would take the offer of Geanie Cerna-Lopez, Marietta Samoy, Marissa Orillaza, Ronald Ramiro and. Engr. Generoso Orillaza to sell all of their shares of stocks in the Corporation as the period for the exercise of the right of first refusal of the founders and common stockholders had already lapsed.

[7] Shares of Marissa Orillaza

Below are the details of the changes in control of the Company during the previous fiscal year and earlier months this year:

Name of Person Who Acquired Control	Amount and the Source of Consideration (in Philippine Peso)	Date and Description of the Transaction Which Resulted in the Change of Control	Percentage of Voting Securities Beneficially Owned By the Persons Who Acquired Control	Identity of the Person(s) from whom control was assumed
Ferjenel G. Biron	None	8/7/2020/ Donation	10.85	Jeremy M.Saquian
Ferjenel G. Biron	None	8/7/2020/ Donation	11.48	Pedro F. Tingson Jr.
Ferjenel G. Biron	None	8/7/2020/ Donation	12.12	Maria Geraldine L. Gubatina
Ferjenel G. Biron	None	8/7/2020/ Donation	12.76	Demetrio T. Patrimonio Jr.
Ferjenel G. Biron	None	8/7/2020/ Donation	13.40	Romulo S. Barrameda Jr.
Ferjenel G. Biron	None	6/3/2020/ Donation	14.84	Ricardo B. Delos Trinos
Ferjenel G. Biron	None	9/4/2020/ Donation	16.29	Felicisimo D. De Castro
Ferjenel G. Biron	None	9/4/2020/ Donation	16.93	Ma. Gloria T. De Castro
Ferjenel G. Biron	27,200,000.00	9/30/2020/ Sale	28.50	Amado Manuel C. Enriquez Jr.
Ferjenel G. Biron	850,000.00	9/30/2020/ Sale	28.86	Marilyn R. Enriquez
Ferjenel G. Biron	2,000,000.00	10/8/2020/ Sale	29.72	Geanie Cerna Lopez
Ferjenel G. Biron	None	10/27/2020/ Donation	31.16	Ma. Rhodora G. De Leon
Ferjenel G. Biron	None	11/25/2020/ Donation	31.61	Felix P. Nolasco
Ferjenel G. Biron	None	11/25/2020/ Donation	32.06	Maria Eulenia R. Nolasco
Ferjenel G. Biron	470,000.00	3/01/21/ Sale	32.26	Esmeralda V. Dela Rosa
Ferjenel G. Biron	None	09/04/20 Donation	32.55	Maita Cruz
Ruben B. Ramirez	2,550,000.00	2/11/21/ Sale	2.53	Marilyn R. Enriquez
Francis G. Lavilla	None	2/8/21/ Donation	1.06	Miguel Antonio R. Enriquez
Lou Valerie D. Lavilla	None	2/8/21/ Donation	0.12	Miguel Antonio R. Enriquez
Francine Marie D. Lavilla	None	2/8/21/ Donation	0.12	Miguel Antonio R. Enriquez
Meryll Faith D. Lavilla	None	2/8/21/ Donation	0.12	Miguel Antonio R. Enriquez
Fredilyn G. Samoro	3,400,000.00	2/8/21/ Sale	28.99	Michael Edward Enriquez
Ma. Teresa F. Debuque	40,000.00	2/22/21/ Sale	0.87	Esmeralda V. Dela Rosa
Danilo C.	60,000.00	2/22/21/ Sale	1.47	Esmeralda V.

Regozo				Dela Rosa
Amado M. Lavalle Jr.	62,000.00	2/22/21/ Sale	1.47	Esmeralda V. Dela Rosa
Lemuel T. Fernandez	40,000.00	3/1/21/ Sale	0.87	Esmeralda V. Dela Rosa
Nigelle P. Villasenor	250,000,00	2/5/2021/Sale	0.004	Sylva L. Daulo
Anabelle B. Gerardino	250,000,00	3/08/21/ Sale	0.004	Felibert O. Dianco
Anneli A. Asuncion	50,000.00	3/19/21/ Sale	0.004	Marietta T. Samoy

There was no loan or pledge obtained by the new control group for the purpose of acquiring control. Neither was there any arrangement or understanding among members of both of the former or new control groups and their associates with respect to election or directors or other matters.

Item 5. Directors and Executive Officers

(a) The following are the names, ages, citizenship and periods of service of the incumbent directors/ and independent directors of the Company.

Name	Age	Citizenship	Period during which individual has served as such
Biron, Ferjenel G.	56	Filipino	2014 to present
Comuelo, Jerusha A (I.D.)	53	Filipino	2020 to present
Dianco, Felibert (I.D.)	47	Filipino	2020 to present
Fernandez, Lemuel	54	Filipino	2018-2020 (I.D.); 2020 to present
Gallega-Perez, Ma. Grace	43	Filipino	2020 to present
Gomez, Lusyl M.	61	Filipino	2017 to 2018 (ID) ; 2020 to present
Lavalle, Amado Jr.	58	Filipino	2014 to present
Lavilla, Meride D.	58	Filipino	2014 to present
Minerva, Ike	46	Filipino	2017-2018 (I.D.) ; 2019 to present
Nolasco, Felix	68	Filipino	2014 to 2017; 2020 to present
Ramiro, Ronald (I.D.)	65	Filipino	2018 to present
Regozo, Danilo C.	58	Filipino	2014 to present
Samoro, Fredilyn G.	56	Filipino	2014 to present
Suplico, Rolex T.	62	Filipino	2020 to present
Villaflor, Agnes Jean M.	56	Filipino	2014 to present

(b) The following are the names, ages, citizenship and periods of service of the persons nominated to become directors/ independent directors of the Company. They constitute the Final List of Candidates approved by the 2020 Board of Directors after evaluation and upon presentation by the Nominations and Election Committee (which is composed of Felibert Dianco as Chairman and Rolex T. Suplico and Ronald Ramiro, as members), for the ensuing year and have accepted their nomination:

Name	Age	Citizenship	Period during which individual has served as such
REGULAR DIRECTORS			
1. Biron, Ferjenel G.	56	Filipino	2014 to present
2. Cerna-Lopez, Geanie	68	Filipino	2014-2019
3. Dianco, Felibert	47	Filipino	2020 to present
4. Fernandez, Lemuel	54	Filipino	2018-2019 (I.D.); 2020 to present
5. Gomez, Lusyl	61	Filipino	2017-2018 (I.D.) ;2020 to present
6. Lavalle, Amado Jr.	58	Filipino	2014 to present
7. Lavilla, Meride D.	58	Filipino	2014 to present
8. Minerva, Ike	46	Filipino	2017-2018 (I.D.) ; 2019 to present
9. Nolasco, Felix	68	Filipino	2014 to 2017; 2020 to present
10. Orillaza Generoso	64	Filipino	2014-2020
11. Regozo, Danilo C.	58	Filipino	2014 to present
12. Samoro, Fredilyn G.	56	Filipino	2014 to present
13. Suplico, Rolex T.	62	Filipino	2020 to present
14. Villaflor, Agnes Jean M.	56	Filipino	2014 to present
INDEPENDENT DIRECTORS			
1. Comuelo, Jerusha	53	Filipino	2020 to Present
2. Debuque, Ma. Teresa F.	59	Filipino	New Nominee
3. Ramiro, Ronald	65	Filipino	2018 to present

The nominees were formally nominated by the shareholders of the Company as shown in the attached Final List of Candidates attached as Annex C. Jerusha A. Comuelo, Ma. Teresa F. Debuque and Ronald Ramiro are nominated as independent directors. Ferjenel G. Biron, Felibert Dianco, Lemuel T. Fernandez Lusyl M. Gomez, Amado Lavalle Jr., Meride D. Lavilla, Ike Minerva, Felix Nolasco, Danilo C. Regozo, Fredilyn G. Samoro and Agnes Jean M. Villaflor, are incumbent directors of the Company. None of the nominators are related to any of the nominees for independent directors. The Nominations and Election Committee evaluated the qualifications of the nominees and prepared the Final List of Candidates in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and the By-Laws of the Company.

Only nominees whose names appear in the Final List of Candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the Annual Stockholders' Meeting.

Ma. Teresa F. Debuque is being nominated as independent director of the Company for the first time. Ronald Ramiro has served as Independent director of the Company since 2018 and Jerusha Comuelo was first elected as such last 29 October 2020.

(c) The following are the names, ages and citizenship of the Company's executive officers in addition to its executive and independent directors listed above as of 30 June 2021.

Name	Age	Citizenship	Period during which individual has served as such
Gerald Joel Abonado	57	Filipino	2020
Elmer Samoro	50	Filipino	2019
Maylene Villanueva	40	Filipino	2019

The Business Profile of the incumbent directors and officers are attached hereto as Annex B while the profile of the nominees for directors for election at the annual stockholders' meeting is set forth in Annex C1. The certifications on the qualifications of independent directors are attached hereto as Annex D to D2.

TERM OF OFFICE

Article III Section 4 of the Company's By-Laws provides:

Section 4 – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as detailed below, provide specific and focused means for the Board to address relevant issues including those related to corporate governance.

COMMITTEES

NAME	AUDIT COMMITTEE	REMUNERATION & COMPENSATION COMMITTEE	NOMINATIONS & ELECTION COMMITTEE	CORPORATE GOVERNANCE COMMITTEE	BOARD OF CANVASSERS	INSPECTION OF BALLOTS AND PROXY
Jerusha A. Comuelo	Chairman	Member		Member		
Ike T. Minerva	Member					
FeliberT O. Dianco		Chairman				
Meride M.Lavilla		Member				
FeliberT O. Dianco			Chairman			
Rolex T. Suplico			Member			
Ronald Ramiro	Member		Member	Chairman		
Ma. Grace G. Perez				Member	Member	
Ma. Iris V. Salazar					Chairperson	
Ma. Geraldine L. Gubatina					Member	
Jeremy M. Saquian					Member	
Mary Flor G. Ong					Member	
Romulo T. Barrameda Jr.						Member
Pedro F. Tingson Jr.						Member
Ruben B. Ramirez						Chairperson

DIRECTORSHIP IN REPORTING COMPANIES

The following are the Directorships in other reporting companies of the incumbent Directors:

DIRECTORS		REPORTING COMPANIES
1.	Biron, Ferjenel G.	Asia-Pacific Medical Center- Aklan, Inc. Allied Care Experts (ACE) Medical Center – GENSAN, Inc. Allied Care Experts (ACE) Medical Center- Butuan, Inc.
1.	Fernandez, Lemuel	NONE
1.	Gallega- Perez, Ma. Grace	NONE
1.	Gomez, Lusyl	NONE
1.	Lavalle, Amado Jr.	NONE
1.	Lavilla, Meride D.	Asia Pacific Medical Center- Aklan, Inc.
1.	Minerva, Ike	NONE
1.	Nolasco, Felix	NONE
1.	Regozo, Danilo C.	Allied Care Experts (ACE) Medical Center – GENSAN, Inc Allied Care Experts (ACE) Medical Center- Butuan, Inc. Asia Pacific Medical Center (APMC)- Aklan, Inc.
1.	Samoro, Fredilyn G.	Allied Care Experts (ACE) Medical Center – GENSAN, Inc Allied Care Experts (ACE) Medical Center- Butuan, Inc.
1.	Suplico, Rolex T.	NONE
1.	Villaflor, Agnes Jean M.	NONE
INDEPENDENT DIRECTORS		
1.	Comuelo, Jerusha	NONE
1.	Dianco, Felibert	NONE
1.	Ramiro, Ronald	Allied Care Experts (ACE) Medical Center – Bohol, Inc Allied Care Experts (ACE) Medical Center -Cebu, Inc.

SIGNIFICANT EMPLOYEES

The company does not believe that its business is dependent on the services of any particular employee who is not an executive officer.

FAMILY RELATIONSHIPS

Fredilyn G. Samoro, the Vice Chairman is the sister-in-law of Elmer Z. Samoro, the Chief Finance Officer of APMCI (formerly: ACEMCI) and the sister of Ma. Grace Gallega-Perez, another Director. The Corporate Treasurer, Agnes M. Villaflor is the cousin-in-law of the Assistant Treasurer, Lusyl M. Gomez.

Other than the foregoing, there are no family relationship either by consanguinity or affinity up to the fourth civil degree between and among directors and executive officers, persons nominated or chosen by the Company to become Directors or executive officers, any security holder of certain record, beneficial owner or management.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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 30 June 2021, presentation of Prosecution's evidence is still pending.

Felix Nolasco, an incumbent Director and Ronald Ramiro, Independent Director and Geanie Cerna-Lopez and Generoso M. Orillaza, who are nominees to the 2021 Board of Directors are parties in the following legal proceedings in their capacity as founders and incumbent Directors of Allied Care Experts (ACE) Medical Center – Cebu Inc.

1. Civil Case No. R-CEB-18-01248-CV, Branch XI, Cebu City (Complaint for Declaration of Sale in Installment as Subscirption Contract, Declaration of Rights of Pre-emption, and for Attorney's Fees) Dax Matthew M. Quijano et.al. v. Geanie Cerna-Lopez, xxxx Felix P. Nolasco, Generoso M. Orillaza, Ronald S. Ramiro, et.al.

   On 7 March 2018, several complainants (Dax Matthew M. Quijano, et.al.) though counsel filed a civil complaint against the Hospital and its Directors praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase of capital approved by the Board on November 12, 2016. The Defendants (based in Cebu) have already filed their Answer to the Complaint but the Manila based Doctors 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 decision on the case by the Court is pending.

2. Civil Case No. R-CEB-18-00601-CV, Branch XI, Cebu City (Complaint for Issuance of Certificate of Stock, Declaration of Sale in Installment as Subscription Contract, Declaration of Rights of Pre-Emption, and/or Attorney's Fees) Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center- Cebu, Inc., Geanie Cerna-Lopez, xxxx Felix P. Nolasco, Generoso M. Orillaza, Ronald S. Ramiro, et.al.

   On 5 February 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on 12 November 2016. The Cebu-based defendants had already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgement , but the same was opposed by defendants on 2 May 2018. No ruling was made on such motion hence the case had not moved. The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. A Pre-trial Conference was held on 30 April 2021.

Dr. Cerna-Lopez, in her capacity as President, at the time of the filing of the case was also respondent to the subsequent case:

> Special Civil Action Case No. R-CEB-18 08795-SC, Branch XI, Cebu City – Leo T. Sumatra et.al vs. Allied Care Experts (ACE) Medical Center – Cebu, Inc., Geanie Cerna Lopez and Velma T. Chan.
>
> (For Mandamus to Issue 100% Pre-emptive Rights, Damages and for Attorney's Fees)
>
> Respondents filed their Comment to the Petition last 7 January 2019 and the Petitioners have filed their reply. The parties did not come into an Agreement during the Judicial Dispute Resolution conducted by the RTC Branch 12, Cebu City via video conferencing. The case was held last 11 June 2021.

As of 30 June 2021, 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.

RESIGNATION OF DIRECTORS

No director has resigned or declined to stand for re-election to the Board since the date of the 2015 Annual Meeting of stockholders due to any disagreement with the company related to its operation, policies and practices.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties.

i.) Advances to related party

The advances to related party account is composed of 2 items. The first pertains to the engagement of the Company of the services of an indentor (Endure Medical, Inc.). The Indentor facilitates the importation and acquisition of medical equipments, furniture and fixtures for the hospital allotment. The second is the engagement of the provider for a custom-made HIS of the company. The amount advanced to Endure amounted to P32; 08M while the amount advanced to Tip Plus is P3.52M. The foregoing are classified as related party transaction(s) (pursuant to the condition set forth in PAS 24), wherein the key management personnel of Endure Medical, Inc. and TIPP Digital Solutions, Inc. (TIP Plus) have significant influence over the Company and its key officers.

ii) Advances from shareholders

In the special meeting of the Board held last May 7, 2017, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development/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 distinct future. The Company, however, reserve the right to defer settlement in favor of prioritizing payments relative to hospital construction.

Through staggered payments, the corporation has finally paid of all its advances to the shareholders in October 2020.

iii) Loans Payable to Related Party

In June 2021, the company borrowed money from Phil Pharmawealth Inc. amounting to P11.83M. This loan will be paid within the year.

iv.) Key Management Personnel Compensation

Key Management compensation amounted to PhP 2,700,000.00 and PhP 1,680,000.00 for the period ended June 30, 2021 and 2020 respectively. These amounts are incorporated in the salaries and allowance account in the financial statements.

In 2018, only per dime and transportation allowance for meetings were given to members of the Board as per Board Resolution dated 5 February 2017. (see Note 10 of the 2020 2ND QUARTER Interim FS)

The Company does not provide post-employment benefits plans and equity-based compensation benefits to any of its directors and executive officers other than what is reasonably required by the Labor Code of the Philippines.

Item 6. Compensation of Directors and Executive Officers

(a) Summary of Compensation of Executive Officers

Information provided by the Finance Department as to the aggregate compensation paid or accrued to Asia Pacific Medical Center – Iloilo Inc.'s (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) Chief Executive Officer and other highly compensated executive officers, as well as other officers and directors during the last two completed fiscal years and the ensuing fiscal year is as follows:

SUMMARY COMPENSATION TABLE

ANNUAL COMPENSATION FOR YEAR 2021

(a) Name of Officer and Principal Position	(b) Year	(c) Actual Salary	(d) Other Bonus	(e) Other Compensation (Professional Fees, per diem and other allowances)
Ferjenel G. Biron Chairman and President	2021	600,000.00	50,000.00	
Amado M. Lavalle Jr. Executive Vice President	2021	210,000.00	17,500.00	
Fredilyn G. Samoro Vice Chairman	2021	210,000.00	17,500.00	
Agnes Jean Villaflor Corporate Treasurer	2021	210,000.00	17,500.00	
Maylene B.Villanueva Corporate Secretary and Compliance Officer	2021	420,000.00	35,000.00	
All other officers and directors as a group named	2021	510,000.00	42,500.00	360,000.00[8]
PROJECTED 2021 COMPENSATION FROM JULY TO DECEMBER	2021	2,160,000.00	180,000.00	2,346,000.00[9]

[8] Professional Fees of Hospital Administrator from January to June

[9] Estimated Per Diems from January to December 2021

ANNUAL COMPENSATION FOR YEAR 2020

(a) Name of Officer and Principal Position	(b) Year	(c) Actual Salary*	(d) Other Bonus	(e) Other Compensation (professional fees, per diem and other allowances)
Ferjenel G. Biron Chairman and President	2020	1,200,000.00	100,000.00	298,000.00
Amado M. Lavalle Jr. Executive Vice President	2020	420,000.00	35,000.00	340,000.00
Fredilyn G. Samoro Vice Chairman	2020	420,000.00	35,000.00	376,000.00
Agnes Jean Villaflor Corporate Treasurer	2020	420,000.00	35,000.00	344,000.00
Maylene B. Villanueva Corporate Secretary and Compliance Officer	2020	840,000.00	70,000.00	
All other officers and directors as a group named	2020	1,020,000.00	97,500.00	3,484,000.00

ANNUAL COMPENSATION FOR YEAR 2019

(a) Name of Officer and Principal Position	(b) Year	(c) Salary	(d) Other Bonus	(e) Other Compensation (per diem and other allowances)
Amado C. Enriquez, Jr. Chairman	2019	550,000.00		
Ferjenel G. Biron President	2019	600,000.00		
Amado M. Lavalle Jr. Executive Vice President	2019	210,000.00		
Agnes Jean Villaflor Corporate Treasurer	2019	420,000.00		
Meride Lavilla Corporate Secretary	2019	340,000.00		
All other officers and directors as a group named	2019	955,000.00	39,583.37	

(b)Compensation of Directors

1. Standard Arrangements

In 2018, each Director received a per diem of Php 15,000.00 for every board meeting. During its February 23, 2018 meeting, the BOD approved the following monthly salaries of its Executive Officers which took effect on January 1, 2019:

Position	Salary
Chairman	Fifty Thousand Pesos (PhP 50,000.00)
President	Fifty Thousand Pesos (PhP 50,000.00)
Vice Chairman	Thirty Five Thousand Pesos (PhP 35,000.00)
Executive Vice President	Thirty Five Thousand Pesos (PhP 35,000.00)
Corporate Secretary	Thirty Five Thousand Pesos (PhP 35,000.00)
Assistant Corporate Secretary	Twenty Five Thousand Pesos (PhP 25,000.00)
Treasurer	Thirty Five Thousand Pesos (PhP 35,000.00)
Assistant Treasurer	Twenty Five Thousand Pesos (PhP 25,000.00)

In addition, the Board of Directors will be accorded a per diem of Ten Thousand Pesos (Php 10,000.00) per regular and special board meeting and construction meeting as attended and in case of travels outside the principal place of business, an additional travel allowance of Php 10,000.00.

1. Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated or is to be compensated in 2020 and 2021 for any service provided as a director. On the other hand, the bonuses for the year 2019 of the Executive Directors were waived.

Item 7. Independent Public Accountants

a. The auditing firm of Dimaculangan, Dimaculangan and Co. CPAs is being recommended for election as external auditor for the current year upon the recommendation of the Audit Committee namely, Jerusha Comuelo, Chairman, Ronald Ramiro and Ike Minerva for a fee of Two Hundred Twenty Four Thousand Pesos(Php 224,400.00). Its profile is attached to this Information Statement as Annex E1.

b. Dimaculangan, Dimaculangan and Co. CPA's represented by its engagement partner, Ms. Maria Teresita Dimaculangan is the external auditors of the Company for the most recently completed year 2020. Pursuant to Rule SRC Rule 68(3) (b) (iv) of the Amended Implementing Rules and Regulations of the Securities and Regulation Code (SRC) (re:rotation of external auditors) the Company has not engaged Ms. Maria Teresita Z. Dimaculangan for more than five years.

c. Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2020, the Company's auditors did not perform any substantial non-audit services for the Company

d. Changes in and disagreements with accountants on accounting and financial disclosure
The Company has engaged the services of Dimaculangan, Dimaculangan and Company during the most recent fiscal years. There were no disagreements with Dimaculangan, Dimaculangan and Company on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

e. Audit and Audit Related Fees

The 2020 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 E2.

THE AGGREGATE FEES BILLED ARE SHOWN BELOW:

Fees approved in connection with the assurance rendered by Dimaculangan, Dimaculangan and Company CPAs pursuant to the regulatory and statutory requirements for the years ended, December 31, 2020 amount to ₱399,632.00 inclusive of 12% VAT and December 31, 2019 amount to ₱674,172.00 inclusive of 12% VAT.

Year	2021	2020	2019
Audit Fees	0	₱200,000.00	250,000.00
Tax Fees	0	24,000.00	30,000.00
All Other Fees	[10]44,000.00	175,632.00	394,172.00

Item 11. Financial and Other Information

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

The Company has no revenue in the past three fiscal years because it is still in the construction phase. The original plan to operate the hospital in the first half of 2021 was not materialized because of continuing impact of the pandemic to the corporation. The administrative operations continue with employees put on alternative work arrangements but not one was dismissed. There were construction and engineering modifications done in the existing building to provide more ideal services to future COVID patients. The construction may have slowed down, but it has never totally stopped. Completion of the building is set on the end of this year and operation of the hospital is planned to start in the first quarter of 2022.

In May 2021, the company has applied for a term loan facility with Asia United Bank (AUB), to refinance the remaining construction of the hospital and to acquire the remaining equipment needed for its operations and to take out the existing loan from Land Bank of the Philippines. As of June 2021, final documentary requirements are being processed for the approval of this loan.

To further satisfy the cash requirement to meet the administrative and general expenditures of the soon-to-be-opened hospital, the company will continue to explore strategic marketing plans to sell the remaining publicly offered securities which to date values at 4,950 shares.

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment for the Dialysis unit, Ophthalmology unit, Endoscopy unit, and ambulance.

The company will be employing at least six hundred ninety four (694) employees when it commences its operation.

[10] All other Fees for 2019 and 2020 include out of the pocket expenses (OPE) such as Printing, Paper and Ink, Transportation Communication i,e internet and calls. Also included are audit fees for 2018 paid in 2019 and audit fees paid in 2020. Engagement Proposal for audit fees for 2021 is still subject for approval. All other fees recorded in 2021 are audit fees for 2020 paid during the year.

RESULT OF OPERATIONS

	For the six months period ended June 30,	
	2021	2020
Revenue	0	0
Direct Cost	0	0
Gross Profit	0	0
Other Income	20,421	61,862
Gross Income	20,421	61,862
General and Admin Expenses	(8,861,013)	(9,935,539)
Loss From Operations	(8,840,592)	(9,873,677)
Finance Cost	(4,718,067)	(6,697,912)
Loss Before Income Tax	(13,558,659)	(16,571,589)
Income Tax Expense	0	0
Net Loss for The Year	(13,556,660)	(16,571,589)
Less: Other Comprehensive Loss for the Year	0	0
Net Comprehensive Loss for the Year	**(13,556,660)**	**(16,571,589)**

	For the years ended December 31,		
	2020	2019	2018
Revenues	0	0	0
Direct costs	0	0	0
Gross profit	0	0	0
Other income	107,317	97,953	137,975
Gross income	107,317	97,953	137,975
General and administrative expenses	(29,646,352)	(25,904,499)	(18,944,150)
Loss from operations	(29,539,035)	(25,806,546)	(18,806,175)
Finance cost	(13,830,175)	(11,456,490)	0
Loss before income tax	(43,369,210)	(37,263,036)	(18,806,175)
Income tax expense	0	0	0
Net loss for the year	(43,369,210)	(37,263,036)	(18,806,175)
Add (deduct) comp income (loss)	0	0	0
Net comprehensive loss for the year	**(43,369,210)**	**(37,263,036)**	**(18,806,175)**
Total Resources	**1,747,456,180**	**1,488,628,779**	**1,059,181,296**

The hospital is not yet operational to date. The reason why there were no figures reported as operational revenue. As of end of June 2021, the hospital is 96.73% complete and completion of the building is set on end of this year. It is also expected to operate on the first quarter of 2022.

STATEMENT OF FINANCIAL CONDITION

ASSETS	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019
CURRENT ASSETS			
Cash	3,756,562	48,022,046	15,371,215
Short Term Investment	0	0	0
Unused Office Supplies	24,570	0	0
Receivables - Others	5,190,088	140,652	167,922
Advances to Related Party	35,595,773	32,063,203	289,039,039
Advances to Contractors	47,767,474	46,605,879	30,955,691
Advances to Suppliers	3,376,722	7,022,271	3,515,904
Prepayments	1,187,802	213,858	192,306
Loan Receivable	0	0	0
Other Current Assets	0	0	0
	96,898,991	134,067,909	339,242,077
NON-CURRENT ASSETS			
Property and Equipment (net)	417,925,316	412,944,976	155,918,076
Construction-In-Progress	1,306,992,039	1,215,428,067	993,243,626
Intangible Asset (net)	33,333	0	0
Other Non-Current Assets	5,015,171	5,015,228	225,000
	1,729,965,859	1,633,388,271	1,149,386,702
TOTAL ASSETS	1,826,864,851	1,767,456,180	1,488,628,779

LIABILITY AND EQUITY	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	102,077,166	96,662,087	67,510,071
Income Tax Payable	0	228	0
Loans Payable to Individuals	26,621,254	30,343,471	75,250,000
Loans Payable to Related Party	11,834,969	0	0
Notes Payable - Current Portion	19,393,250	19,393,250	17,970,720
	159,926,639	146,399,036	160,730,791
NON-CURRENT LIABILITIES			
Notes Payable - net of Current Portion	856,996,830	856,996,830	739,241,760
Advances from Shareholders	0	0	260,878,684
	856,996,830	856,996,830	1,000,120,444
TOTAL LIABILITIES	1,016,923,469	1,003,395,866	1,160,851,235
EQUITY			
Share Capital (net)	235,050,000	221,234,000	168,150,000
Share Premium	699,091,707	653,467,980	226,900,000
Deficit	(124,200,325)	(110,641,666)	(67,272,456)
	809,941,382	764,060,314	327,777,544
TOTAL LIABILITIES AND EQUITY	1,826,864,851	1,767,456,180	1,488,628,779

Material Changes in Financial Condition

	June 30, 2021	December 31, 2020	December 31, 2019
Current Assets			
Cash			
	The construction is near its finish. To date, it is already 96.73% complete so all resources, especially cash is poured on the construction of the hospital	Continuous construction of the hospital cause the cash account to be moving fast. Sometimes it is up, but most of the time it has minimal balance. All because of the hospital construction which is nearing its completion.	
Unused Office Supplies			
	The account was set up to ensure that when the hospital opens, it is ready for the detailed distribution of supplies and costs.	No account was set up before	
Advances to Related Party			
	Total advances recorded as of end of 2019 is P289.0M. In 2020, the equipment under the custody of Endure were transferred to the hospital site, thus, P257.0M were taken up as part of the Property & Equipment. Year-end balance was recorded at P32.1M. Advances from Tip Plus amounted to P3.5M was added in 2021 reflecting a period-ending balance of P35.6M.		
Receivables and Advances			
	The hospital is being built with various constractors and suppliers. Among those arrangements were the down payments made and advances. These are gradually collected against the suppliers and/or contractors by way of deduction from their progressive billings.	The advances to related party account in 2019 decreased by P257M in 2020 because the itens that were bought by the hospital were already paid and delivered. These items are now being stored in the hospital premises getting ready for use incase the hospital opens for operation.	
Prepayments			
	The balance in the prepayments reflect the insurance procured by the copany to cover the hospital and the equipment. As of June 30, 2021, the remaining balance after six months of amortization amounted to P1.187M.		

Non-Current Assets

Property and Equipment (net)

This so far is the total amount of equipment paid for and in the company's custody.	In 2020, the equipment bought through Endure were already delivered and safe kept in the hospital premises. Thus, P257M were taken up as PPEs from the amount previously taken up as advances.	The amount of PPEs recorded include only those amount that were delivered to the hospital. Other PPEs bought that were yet to be delivered were taken up as part of the advanced amount.

Construction in Progress

The amount lodged to construction in progress continue to grow as the hospital construction improves and getting near to being finished. From Dec 2019 to date, the company spent additional P313.0M ending the current balance at P1.306B.

Other non-Current Assets

The amount includes the rentals for the IMS office (P15K) and the deposit for MORE Power Corp (P5.0M)	The amount includes prepaid rentals for the IMS office and the warehouse that was used to store the equipment

LIABILITIES

Payables and Other Liabilities

Retention payable (P40.9M), Accrued Interest (P37.5), Governmental payables of P158.0K, and other payables of P22.7M comprise the pesent balance of the this account. Previous years balances were also composed of the above named expenses and vary on the month transactions recorded.

Loans Payable to Individuals

These are part of the loans of the companay from its founders that the company is used to finance the construction of the hospital. These are being settled gradually whenever the company has some funds to spare	Loans extended by the founders to augment the initial stage of construction of the hospital.

Notes Payable

These are loans granted by Land Bank of the Philippines in favor of ACE MC Iloilo. To date, we have a n outstanding of P876.39M loans from LBP.

Advances from Shareholders

The founders originally lent money to the corporation for the initial construction of the hospital. This was before the approval of the secondary license by SEC. These now, however, were already paid off in full.	These were part of the loans extended by the founders to augment the initial stage of construction of the hospital.

EQUITIES
Share Capital
The company comtinues to sell its securities to the public. As of the periods reflected, the following were already subscribed Dec 2019 - 168,150 shares, Dec 2020 - 221,234 shares, and June 2021 - 235,050 shares. These shares were sold with P1,000.00 par value. In absolute peso value, Capital shares now has a balance of P235,050,000.00.
Share Premiums
With the approval of SEC to sell securities beginning 2019, the company was able to sell shares at a premium. These premium sales were recorded as part of equity, thus, as of end of June 2021, the account is reflected at P699.0M. P46.0M more than Dec. 2020 and P442.0 over Dec. 2019.
Deficit
The hospital is not yet operational so reflected figures are still in deficit. General and Administrative CostpPlus Finance Costs were paid already despite the hospital being not in operations yet

KEY PERFORMANCE INDICATORS:

	June 2021	Dec 2020	Dec 2019
LIQUIDITY			
QUICK ASSET RATIO			
Cash + Cash Equivalent + Current Accounts Receivable / Current Liabilities	0.59 : 1	0.91 : 1	2.11 : 1
Remarks:			
Most of the company's resources are now being utilized for the construction of the hospital. That is the reason why the cash balance reflected on every year-end report is low. Within 2021, the hospital will be opening its doors to the public, thus, it is expected that the cash and other current assets will reflect a more positive data.			
CURRENT RATIO			
Current Assets / Current Liabilities	0.61 : 1	0.91 : 1	2.11 : 1
Remarks:			
As for now, cash and other current assets are being utilized for the construction of the hospital. That is the reason why the current ratio of the company reflected a not so attractive information. It is expected to be better when the hospital starts its operation this 2021.			
SOLVENCY			
DEBT TO EQUITY RATIO			
Long Term Debt / Equity	1.26 : 1	1.12 : 1	3.06 : 1
Remarks:			
The debt to equity ratio is slowly showing progress. The continuous sale of securities help in the improvement seen in the solvency of the company.			
PROFITABILITY			
NET PROFIT MARGIN			
Net Income / Sales	NA	NA	NA
Remarks:			
Hospital is not yet operational. Data is not yet available.			
RETURN ON EQUITY			
Net Income / Stockholder's Equity	NA	NA	NA
Remarks:			
Hospital is not yet operational. Data is not yet available.			
LEVERAGE			
DEBT TO TOTAL ASSET RATIO			
Total Debt / Total Assets	0.56 : 1	0.57 : 1	0.78 : 1
Remarks:			

As of June 30, 2021

1. The company has not been involved in any legal proceedings, 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 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 before the end of 2021 when the hospital facility will be completed.
6. The company has no investments on foreign securities.

2019 compared by 2018

Hospital's construction was ongoing despite financial incapability. The founders, on their own accounts, helped out to initially finance the construction of the hospital. In the middle of 2019, the authority to sell securities was approved by SEC. This permit enabled the company to hasten the construction of the hospital because of the funds generated thru the sale of securities.

2020 compared to 2019

Hospital construction continued, sale of securities continued, although the CoVID 19 pandemic has really affected the construction and sale of securities.

June 2021 compared to Dec. 2020

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. Hopefully, the plans of opening the hospital this year will materialize though it is expected to be delayed until the first quarter of 2022.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

During the most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit. There were also no changes in and disagreements with the said accountants on accounting and financial disclosure.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Company's annual financial statements, the Revised Manual on Corporate Governance submitted on 30 September 2020 provides that the audit committee shall, among other duties and responsibilities:

i. It shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system.

ii. Review and approve the audit scope and frequency. It shall receive key audit reports, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors.

iii. Explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. The audit committee shall ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.

iv. Establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

The Audit Committee of the Company is composed of Ms. Jerusha A. Comuelo as Chairman, and Mr. Ike T. Minerva, and Mr. Ronald Ramiro, members.

The Company will comply with paragraph (3)(b) (v) of Securities Regulation Code Rule 68 , as amended, which provides that the external auditor should be rotated, or the handling partner changed every five (5) years or earlier.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are the acts to be submitted for approval during the stockholders' meeting

a. Minutes of the Annual Meeting of Stockholders held on 29 October 2020 (Annex F)

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

b. Annual Report including the Chairman's Message and 2020 Audited Financial Reports

   While the Annual Report which includes the Management Report as of 30 June 2021 (Annex G) shall only be noted, the 2020 Audited Financial Report shall be approved by the stockholders attending the meeting.

Item 16. Matters Not Required to be Submitted

The Update on the Construction of the Hospital (see Annex H) will not require the approval of the stockholders as it is a mere presentation. However, the same shall be noted by the attendees as a confirmation/ acknowledgment that they have been properly notified.

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to any amendment of the registrant's charter, by-laws or other documents.

Item 18. Other Proposed Actions

(a.) Acts and Resolutions of the Board of Directors and Management from date following the last Annual Stockholders' Meeting to the present including, but not limited to the following:

1) Authority of the Corporate Secretary to immediately inform shareholders who intend to sell their shares that the corporation is declining the offer as long as the Hospital is not operational and does not have unrestricted retained earnings as certified by the Finance Department;
2) Appointment of Independent Director JERUSHA COMUELO as Chairman of the Committee on the Privilege to Practice and tasking the Committee in addition to its duties defined in the SEC-approved Registration Statement with the assignment of Clinics to Founders and other Medical Stockholders;
3) Grant of privilege to unmarried stockholders with no dependents to assign one beneficiary to enjoy the benefits pertaining to dependents of stockholders subject to legal limitations and allowing a stockholder who subscribed to more than one block of shares to nominate one beneficiary per one block of share including his or her legal dependents;
4) Approval of the designated electronic mail (email) addresses and mobile numbers and authority to Securities and Exchange Commission of the Philippines to send notices, letter-replies , orders, decisions, and/or other documents emanating from the Commission through the foregoing e-mail addresses and mobile numbers for the purpose of complying with the notice requirement of administrative due process;
5) Postponement of the inauguration of APMC Iloilo hospital (formerly: ACEMCI) to the 3rd quarter of September 2021 in view of the delays in the construction brought by the COVID-19 Pandemic and tedious requirements for the processing of the Licenseto Operate to the delays in the construction;
6) Appointment of Toni Dinah Cheer Fernandez as Data Privacy Officer (DPO) of the company;
7) Replacement of Meride D. Lavilla by Lusyl M. Gomez as one of the signatories to the Metrobank Account of Asia Pacific Medical Center–Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.;
8) Approval of the Memorandum of Agreement with SMART for the Installation of Indoor Distribution Antenna System as amended and appointment of Amado Lavalle Jr. as signatory;
9) Termination of Contract for the Architectural Works Interior Fit Out with Inner Skills Interior and Build on the ground of default;
10) Approval of the Memorandum of Agreement on Portability Benefits with Asia Pacific Medical Center - Aklan, Inc. and Allied Care Experts Medical Center – Bacolod Inc. and ratification of the authority of the signatory, Amado Lavalle Jr.;
11) Approval of the Postponement of Schedule of the 2021 Annual Meeting of the Stockholders of the Corporation from 30 June 2021 9:00 am to 26 August 2021 9:00 am;
12) Approval of the designation of Asia United Bank- Ortigas or any of its branches as the designated depository bank of the Corporation and authorization of its officers Ferjenel G. Biron, Agnes Jean M. Villaflor , Amado Lavalle Jr. and Lusyl Gomez as signatories;
13) Approval of the unqualified authorization of Asia United Bank to accept, rely upon, and act in accordance with, any communication and/or instruction, which may from time to time be signed and transmitted to it by telex and/or facsimile and/or electronic mail authorized or apparently authorized by Ferjenel G. Biron, Amado M. Lavalle Jr., Agnes Jean M. Villaflor and Lusyl M. Gomez for transactions not exceeding Fifty Thousand Pesos (PhP 50,000.00) , notwithstanding any error in the transmission or reception of such communication and/or instruction;
14) Approval of the rates for the processing and documentary fees for issuance of stock certificates pursuant to secondary transfer, request for copies of documents, certifications and issuance of medical certificates by the Medical Records Section

15) Authorization of the Chairman, Ferjenel G. Biron to be one of the signatories for withdrawal of funds from all bank accounts of APMCI (formerly: ACEMCI) below One Million Pesos (PhP 1,000,000.00);
16) Approval of the policy on the transfer of benefits and privileges in case of death of a registered stockholder pending the issuance of a new Stock Certificate;
17) Authority of Maylene B. Villanueva and Meride D. Lavilla to represent the Corporation and act on its behalf in the submission of reportorial requirements with the SEC through Online Submission Tool (OST);
18) Approval of the postponement of the 2021 Annual Stockholders Meeting from 30 June 2021 to 26 August 2021 via remote communication;
19) Approval of the loan of the company from Phil Pharmawealth, Inc. in the amount of Eleven Million Eight Hundred Thirty-Four Thousand Nine Hundred Sixty-Nine Pesos and Sixteen Centavos (PhP 11,834,969.16) used as payment for the interest on the loan from Landbank of the Philippines;
20) Approval of the Term Loan Facility Indicative Terms and Conditions proposed by Asia United Bank (AUB) in the amount of up to One Billion Four Hundred Million Pesos (PhP 1,400,000.00) and authorizing the Chairman and President Ferjenel G. Biron to complete the requirements for securing the partial refinancing of the construction cost and equipment acquisition for the 200-bed capacity hospital located in Brgy. Ungka, Jaro, Iloilo City and taking out of the APMCI's (formerly: ACEMCI) existing term loan with Land Bank of the Philippines.

b. Election of the members of the Board, including the independent directors for the ensuing year.

c. Election of the external auditor and fixing its Compensation.

Item 19. Voting Procedures

A. Voting Requirement

Nominees for directors receiving the highest number of votes shall be declared elected. Except for the election of Directors, all other matters to be brought for approval of the shareholders of the Company at this year's Annual Stockholders' Meeting shall be decided by the majority vote of stockholders voting through remote communication or by proxy, a quorum being present.

B. Method of Voting: Straight and Cumulative Voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. Stockholders may vote by remote communication, proxy or in absentia.

In the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected

A stockholder may vote electronically in absentia using the online voting portal, a link of which shall be provided. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

Upon successful registration at the Annual Stockholders' Meeting, each stockholder will be provided a ballot within the period stated in Annex A to enable him to vote on each item or proposal in the Agenda. All votes will be counted by the vote count system integrated in the voting application and tabulated and canvassed by the Board of Canvassers.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in the Information Statement, and shall be received by the Corporate Secretary via email at acemciloilo.corpsec@gmail.com on or before 5:00pm, August 25, 2021. Proxy votes will be counted and tabulated by the Inspection of Proxies and Ballots Committee.

Item 20. Participation of Shareholders by Remote Communication

To comply with applicable regulations prohibiting mass gatherings, imposing on all households home quarantine, such that movement shall be limited to accessing basic necessities, and/or requiring social distancing to prevent the spread of COVID-19 and to ensure the safety and welfare of our stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication, as set forth below, and by voting in absentia, as provided in Item 4(c) and Item 19 above, or voting through the Chairman of the meeting as proxy.

To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by email to acemciloilo.corpsec@gmail.com on or before 21 August 2021 of their participation in the meeting by remote communication. Stockholders may email questions or comments prior to or during the meeting at the following email address: acemciloilo.corpsec@gmail.com. The detailed instructions for participation through remote communication are attached as Annex A.

COMPLIANCE WITH SECTION 49 OF THE REVISED CORPORATION CODE

In compliance with the requirements of Section 49 of the Revised Corporation Code, please see the following Annexes:

A. Minutes of the Regular Meeting held last 29 October 2020 including the answers raised via email and chatroom which were not answered during the meeting (Annex F)
B. Material Information on the Current Stockholders (Annex I)
C. Construction Report as of 15 July 2021 (Annex H)
D. 2020 Audited Financial Statement (Annex E)
E. Directors Profile (Annex B)
F. Board Attendance Report (Annex J)
G. Board Appraisal/Performance Report (Annex K)
H. Board Compensation Report (Annex L)
I. Candidates Profile (Annex C1)

In lieu of a detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, the Company is submitting the Construction Report as of 30 June 2021. The company is not yet operational and the commencement of the operations will depend on the completion of the hospital and the granting of the necessary licenses.

DIVIDEND POLICY

The Company's Board is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

The Board of Directors has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Company's unrestricted retained earnings. The amount of such dividends (either in cash, stocks or property) will depend on the corporation's profits, cash flow, capital expenditure, financial condition and other factors and will follow the SEC guidelines on determination of retained earnings available for dividend declaration. The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings. Actual earnings or profits shall be the net income for the year based on Audited Financial Statements, adjusted for unrealized items, which are considered not available for dividend declaration. Taking into account the Hospital's cash flows, capital expenditure, investment objective and financial condition , at least 10% of the actual earnings or profits may be declared by the Board.

No dividends were issued this year because the hospital is not yet operational hence there is no unrestricted retained earnings.

ATTENDANCE OF DIRECTORS DURING THE 2020 ASM

The attendance of the Directors during the 2020 ASM is disclosed in the Minutes of the previous meeting.

RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in the Information Statement.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is complete and correct. This report was signed in the City of Pasig on 4 August 2021.

By:

Asia Pacific Medical Center-Iloilo Inc.
(formerly known as Allied Care Experts (ACE)
Medical Center-Iloilo, Inc.)
Issuer

MAYLENE B. VILLANUEVA
Corporate Secretary

The 2020 SEC Form 17 –A shall be available at the above stated company website. Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of the said 2020 SEC Form 17-A free of charge, except for exhibits attached which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

Allied Care Experts (ACE) Medical Center-Iloilo, Inc.
Brgy. Ungka I, Jaro Iloilo City 5000

Attention : The Corporate Secretary

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

Summary of Annexes and Documents

Annex A - Requirements and Procedure for Electronic Voting in Absentia and Participation by Remote Communication

Annex B- 2020 Director and Executive Officers Profile

Annex C - 2021 Final List of Candidates

C1 - 2021 Candidates Profile

Annex D - Certificate of Qualification of Jerusha A. Comuelo

D1 - Certificate of Qualification of Ma. Teresa F. Debuque

D2- Certificate of Qualification of Ronald L. Ramiro

Annex E - 2020 Audited Financial Statements

Annex E1 – Independent Auditor

Annex E2- Engagement of Independent Auditor

Annex F - Minutes of the Annual Stockholders Meeting on 29 October 2020

Annex G - Management Report

Annex H - Updates on the Construction of Hospital as of June 2021

Annex I - Material Information on the Current Stockholders

Annex J - Board Attendance Report

Annex K - Board Appraisal/ Performance Report

Annex L - Board Compensation Report

Annex M - 2020 17 A Annual Report

Annex N - 2021 17Q Second Quarter

N1 - 2021 17Q 1st Quarter

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

ANNEX "A"

REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING IN ABSENTIA AND PARTICIPATION BY REMOTE COMMUNICATION.

I. ELECTRONIC VOTING IN ABSENTIA

1. **Stockholders as of 5 August 2021 ("Stockholders"), have the option of electronic voting in absentia on the matters in the Agenda, after complete registration and successful validation. To access the company Online Voting Portal, stockholders are required to provide their active, primary electronic mail (e-mail) addresses to the Corporation by informing the Corporation through the Corporate Secretary through email at acemciloilo.corpsec@gmail.com.**

2. **The deadline for registration to vote in absentia is 19 August 2021. Beyond this date, *Stockholders may no longer avail of the option to vote in absentia.* Stockholders who were not able to register may vote through the appointment of the Chairman as proxy.**

3. **Written notice for registration may be sent to all stockholders through electronic email. To register at the company Online Voting Portal, simply follow the instructions sent to the e-mail address provided. Stockholders should complete the *online registration form and submit for validation.***

4. **The following information must filled up for the registration:**
   - i. **Complete Name**
   - ii. **Email address**
   - iii. **Mobile contact number**
   - iv. **Birthdate**

   Important Note: Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically in absentia, but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before 5:00 pm of 25 August 2021.

   Considering the extraordinary circumstances in relation to COVID 19, the Corporation shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Corporation reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

5. **The validation process will be completed by the Corporation. Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. This will also include the agenda of the meeting, profile of the nominees and voter's code. This code will be specific to every stockholder and will be used to access the online voting portal. The Definitive Information Statement and other meeting documents will also be available in the website.**

6. **The election for the Board of Directors will start at 9am 21 August 2021. Registered Stockholders will be provided with the online portal voting link which will require the voter's code to proceed.**

7. **Registered Stockholders have until 26 August 2021, 5pm to cast votes in absentia while meeting is ongoing. If the meeting is adjourned at an earlier time, the voting portal shall be closed.**

8. **All agenda items indicated in the Notice of the Meeting will be set out in the online ballot and the registered Stockholder may vote as follows:**

   - **8.1 For items other than the Election of Directors, the registered Stockholders has the option to vote: Yes, No, or Abstain for the Board Ratifications. The vote is considered cast for all the registered Stockholder's shares.**

   - **8.2 For the Election of Directors, the registered Stockholders may vote for all the nominees, or one nominee or some of the nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.**

9. **Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the "Submit" button. The Online Voting Portal will prompt the Stockholder to confirm the submission of the ballot. The votes cast in absentia will have equal effect as votes cast in person or by proxy. After the ballot has been submitted, Stockholders may no longer change their votes.**

10. **The *Board of Canvassers of the Corporation will canvass the votes cast in* absentia after the result is generated by the voting count application while the Inspection of Proxies and Ballots Committee will count and tabulate the ballots cast by proxy.**

II. PARTICIPATION BY REMOTE COMMUNICATION

1. **Stockholders as of 05 August 2021 ("Stockholders") who registered in the Online Voting can also participate in the Meeting on 26 August 2021 by**

remote communication by accessing the ZOOM Webinar link to be provided via email.

2. **Stockholders as of 05 August 2021 who have not registered in the Online Voting Portal may still attend the Meeting remotely by via Zoom Webinar link. Unregistered Stockholders are requested to notify the Company by email to acemciloilo.corpsec@gmail.com by 21 August 2021 of their intention to participate in the Meeting by remote communication. For validation purposes, unregistered Stockholders shall also provide the Company the following information: (i) name; (ii) address; (iii) telephone number.**

3. **Only those Stockholders who have notified the company of their intention to participate in the Meeting by remote communication will be include in determining quorum, together with the Stockholders who voted in absentia and by proxy.**

4. **Stockholders participating by remote communication will not be able to vote unless they register in the Online Voting Portal or authorize the Chairman to vote as proxy, on or before 25 August 2021 5:00 pm.**

5. **Stockholders may send their question and/or comments prior to or during the meeting at acemciloilo.corpsec@gmail.com.**

6. **The Company will endeavor to have a link to the recorded webcast of the Meeting posted on the Company's website and social media within 5 days from the date of the meeting. Stockholders shall have two (2) weeks from posting to raise the Company any issues, clarifications and concerns on the Meeting conducted.**

For clarifications, please contact the Company's Office of the Corporate Secretary at acemciloilo.corpsec@gmail.com.

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

ANNEX "B"

2020 DIRECTORS AND EXECUTIVE OFFICERS PROFILE

THE 2020 BOARD OF DIRECTORS

The Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts Medical Center- Iloilo Inc.) currently has fifteen directors, three of whom are Independent Directors.

Below is the profile of the 2020 Board of Directors which include their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended and their board representations in other corporations. The directors assumed their directorship during the Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts Medical Center-Iloilo Inc.) Annual Stockholders' Meeting in 2020 for a term of one year, and until their successors are duly elected and qualified.

FERJENEL G. BIRON, M.D.
Chairman and President

Dr. Biron is the Founding President of the Company as well as of Asia Pacific Medical Center (APMC) – Aklan Inc., and Allied Care Experts (ACE) Medical Center – Bacolod Inc. from their incorporation in December 2014, September 2017 and December 2017 respectively. He was elected as Chairman of the Board concurrently serving as President of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) on January 2020 and Allied Care Experts (ACE) Medical Center- Bacolod, Inc. on August 2020. His term as President of Allied Care Experts (ACE) Aklan Medical Center, Inc. had ended last June 2020 as he was elected its Chairman. He was the Founding President of Phil Pharmawealth, Inc and acts as its CEO except during those years when he was serving the constituents of the Fourth (4th) District of Iloilo as its Congressman. He is also currently the President of Endue Medical, Inc, Aesthetical Manila, Inc., Smartlab Diagnsotics, Inc. and Baguio Cordillera Doctors Hospital Inc. He is also currently the Chairman of Botikang Pinoy, Inc. and Super BP Mart Corporation. He is a member of the Board of Directors 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 de Oro, Inc. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's 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.
	**AMADO M. LAVALLE JR., M.D.** Executive Vice President Dr. Lavalle is the current Executive Vice President of the Company. He also served as a Director of the Company since 2014. He served as Vice Chairman of the Board from June 2016 to August 2019. 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 Philippines Society of General Surgeons, Panay Chapter. He also became 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 to 1989. 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 PWC/Isla Lipana on 14 May 2021.
	**FREDILYN G. SAMORO, M.D.** Vice Chairman Dr. Samoro is the current Vice Chairman of the Board of Directors and the Vice President for Marketing of the Company. She was elected for the position of Vice Chairman last August 2019 and has been one of the Directors of the Company since 2014. She is also the President of Allied Care Experts (ACE) Medical Center Inc., Butuan and Allied Care Experts (ACE) Medical Center – GENSAN. She is also 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. She is a Past 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 PWC/Isla Lipana on 14 May 2021. She also attended a training for Best Practices in Corporate Housekeeping conducted by the Center for Global Best Practices on 21 -23 April 2021.
	**MERIDE D. LAVILLA, M.D.** Assistant Corporate Secretary Dr. Lavilla was previously the Assistant Corporate Treasurer of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) from December 2014 to May 2016 and the Corporate Secretary from June 2016 until she stepped down to become Assistant Corporate Secretary on September 2019, a position she holds to date. 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 Allied Care Experts Medical Center Bacolod Inc. She is presently the Vice President of Asia Pacific Medical Center (APMC) - Aklan Inc. 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 Inc., Butuan and Allied Care Experts (ACE) Medical Center – GENSAN. Dr. Lavilla served as Chairman of ExcelGlobal 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 PWC/Isla Lipana on 14 May 2021.

AGNES JEAN M. VILLAFLOR, M.D.
Corporate Treasurer

Dr. Agnes M. 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 Westen Visayas Medical Center and had 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 PWC/Isla Lipana on 14 May 2021.

LUSYL M. GOMEZ, M.D.
Assistant Corporate Treasurer and Vice President for Finance

Dr. Lusyl Gomez is the Assistant Treasurer (2020) and Vice President for Finance of the Company (2017). 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. She is 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 and Member of the Board of Directors of Wellness Medical Pharma for six (6) 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 to the present and Head of Operations of Ipedcare Plus Pharmacy (2021). She is a graduate of BS 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 PWC/Isla Lipana on 14 May 2021.

	**LEMUEL T. FERNANDEZ** Director 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 University of Iloilo in 1988. As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021.
	**MA. GRACE GALLEGA-PEREZ, M.D.** Dr. Ma. Grace Gallega-Perez was elected as Director of the Company in October 2020. She has been the President of MD Check since 2012. She is also the Treasurer of Skin Science, Inc. since 2014. She is a graduate of BS Biology in the University of the Philippines in the Visayas and took her medical degree at West Visayas State University College of Medicine. She is also one of the Board of Directors of the Colegio delas Hijas de Jesus Alumni Association, Inc. She is writing her thesis for Master in Hospital Administration at Cebu Doctor's University.
	**IKE T. MINERVA, M.D** Director Dr. Ike T. Minerva has been a Regular Director of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) since August 2019. He was elected and served as Independent Director of the company from September 2017 to August 2018. He is currently the Section Head of Gastroenterology and Endoscopy Unit Head of West Visayas State University Medical Center from 2011 up to the present. He finished his Bachelor of Medical Technology in the year 1996, proceeded his Medical Degree at West Visayas State University College of Medicine in the year 2000. He pursued Internal Medicine Residency at West Visayas State University Medical Center, being the Chief Resident. He graduated with a fellowship in Gastroenterology and Hepatology at Manila Doctors' Hospital as the Chief Fellow. Because of his interest in Interventional Endoscopy, he decided to continue his further training at Pusat Perubatan Universiti Malaya in Kuala Lumpur, Malaysia which is one of the few centers in the world catering to Advance Endoscopy Training. As one of the Directors of the Company, he had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021.

FELIX P. NOLASCO, M.D.
Director

Dr. Felix Nolasco, MMHoA is a Maxillofacial-Plastic Otolaryngologic-Head and Neck Surgery Specialist who was re-elected as Director of the Company in October 2020. 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 from 2019 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 of ACEMC-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 Surgery Inc in 2005, Founding Chairman of the Phil Academy of Cranio MaxilloFacial 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) and retired in 2017 as Chairman Emeritus. He was also a Former Executive Officer of the ENT-HNS Jose R. Reyes Mem Medical Center and 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 PWC/Isla Lipana on 14 May 2021.

DANILO C. REGOZO, M.D.
Director

Dr. Regozo is a Director and concurrent Head of the Construction Committee of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) since 2014. He is also the Executive Vice President of Allied Care Experts 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, Asia-Pacific Medical Center-Aklan, Inc. since 2017 and Baguio Cordillera Doctors Hospital, Inc. since 2018.

Dr. Regozo is the owner of Farmacia Neo and Regozo Family Medicine Clinic. In addition, he is 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 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 PWC/Isla Lipana on 14 May 2021

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ROLEX T. SUPLICO
Director

Atty. Rolex 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 18B 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 also elected as Iloilo Provincial Board Member in 1995. He finished his AB 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 PWC/Isla Lipana on 14 May 2021.

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<u>THE INDEPENDENT DIRECTORS</u>

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JERUSHA A. COMUELO, M.D.
Independent Director

Dr. Jerusha A. Comuelo was 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 West Visayas 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 Ocean 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 PWC/Isla Lipana on 14 May 2021.

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	**FELIBERT O. DIANCO, M.D.** Independent Director Dr. Dianco is currently an Independent Director of the Company. 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 Heart Association Western Visayas - Panay Chapter for two (2) years and is currently a member of the Board of Directors of PCP -Panay Chapter. Dr. Dianco completed his Doctor of Medicine at West Visayas State University and his Internal Medicine at West Visayas State University Medical Center. 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 PWC/Isla Lipana on 14 May 2021.
	**RONALD L. RAMIRO, M.D.** Independent Director Dr. Ramiro has been an Independent Director of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) since 2018. He has been the President of Allied Care Experts Medical Center Inc. - Bohol since 2014. He is also a Member of the Board of Directors of Allied Care Experts Medical Center Cebu in 2020 to 2021. Dr. Ramiro is also the Medical Director of Ramiro Community Hospital from 1994 to 2014 and Chairman of the Board of Ramiro Community Hospital. He is the Chairman of its Department of Surgery from 1990 to 2014. He also became a Vice President of Bohol Critical Care Service Inc. He served as Chief Resident of the Department of Surgery of Cebu Doctor's Hospital from January to December 1998. Dr. Ramiro completed his B.S General Science at Siliman University, Negros Oriental in 1977 and pursued his medical studies at Cebu Institute of Medicine which he completed in 1981. He had his Post-Graduate Internship from 1981 to 1982 at Southern Island Medical Center. He finished his Master of Arts in Hospital Administration at Cebu Doctor's University in 2015.

OTHER EXECUTIVE OFFICERS

The following are the other Executive Officers of the Company who are not members of the Board of Directors:

	**GERALD JOEL C. ABONADO** Hospital Administrator Dr. Gerald Joel C. Abonado is the Hospital Administrator of the Company and training provider. He was the Chief of Hospital of Ramon D. Duremdes District Hospital in Dumangas, Iloilo from March 2017 to July 2019 and had been the Director of Administration of The Medical City Iloilo from March 2012 to 2014 and Medical Director of Saviour International Hospital Iloilo City from March 2009 to 2010. He is a member of Philippine College of Geriatric Medicine Specialty Board since October 2012 and Council Member of the Gerson Lehman Group since November 2011. Dr. Abonado attended the following trainings during his stint in ACEMCI : 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 Digitization Strategy 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.

ELMER Z.SAMORO
Chief Finance Officer

Mr. Elmer Samoro is the Chief Finance Officer of the Company. He is also the Chief Operating Officer of Healthlink (Iloilo), Inc. His other previous employment was with Metropolitan Bank and Trust Company. He graduated from Central Philippine University in 1991 with a Commerce degree major in Accounting.

As one of the Officers of the Company, he had attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021.

MAYLENE B. VILLANUEVA
Corporate Secretary and Compliance Officer

Atty. Maylene 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 and Trasporto and Partners with office at Suite 1601, 16th floor, East Tower, PSE Center, cor. Exchange Road, Ortigas Center, Pasig City, Metro Manila. Her core practice includes government procurement, corporate, intellectual property and labor laws. She was also appointed as Compliance Officer of Asia Pacific Medical Center (APMC) -Aklan, Inc. in July 2021. She is also the Vice President for Legal Affairs and Human Resource of Phil Pharmawealth, Inc. since 2014 and a resident counsel for its affiliate companies since 2012. 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 College of Fisheries. 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 obtained her degrees in Law and Broadcast Communication in the University of San Agustin and in the University of the Philippines in the Visayas respectively.

She is a Certified Compliance Officer conducted by the Center for Global Best Practices. 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 Data Protection Officer by the UP Open University and a Certified Level 2 Public Procurement Specialist by the GPPB-UP National Engineering Center program partnership.

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Tel No. (033) 321-57-48

ANNEX "C"

FINAL LIST OF CANDIDATES

REGULAR DIRECTOR		
NOMINEE		NOMINATOR
1	DR. FERJENEL G. BIRON	DR. DANILO C. REGOZO
2	DR. FELIBERT O. DIANCO	DR. AGNES JEAN M. VILLAFLOR
3	MR. LEMUEL T. FERNANDEZ	JERELYN T. ANIMAS
4	DR. LUSYL M. GOMEZ	MA. GRACE GALLEGA-PEREZ, MD
5	DR. AMADO M. LAVALLE JR.	LIZ R. PADAMA
6	DR. MERIDE D. LAVILLA	SYLVA L. DAULO
7	DR. GEANIE CERNA-LOPEZ	DR. MARIETTA T. SAMOY
8	DR. IKE T. MINERVA	DR. LUSYL M. GOMEZ
9	DR. FELIX P. NOLASCO	DR. DANILO C. REGOZO
10	ENG'R. GENEROSO M. ORILLAZA	MARISSA A. ORILLAZA MD
11	DR.DANILO C. REGOZO	RUBEN M.RAMIREZ MD
12	DR. FREDILYN G. SAMORO	SINFOROSO S. PADILLA JR
13	ATTY. ROLEX T. SUPLICO	LEMUEL T. FERNANDEZ
14	DR. AGNES JEAN M. VILLAFLOR	DR. MERIDE D. LAVILLA

INDEPENDENT DIRECTOR		
NOMINEE		NOMINATOR
1	DR. JERUSHA A. COMUELO	DR. FELIBERT DIANCO
2	MA. TERESA F. DEBUQUE	FR. FREDERICK C. COMENDADOR, OSA
3	DR. RONALD L. RAMIRO	DR. MERIDE D. LAVILLA

ANNEX "CI"

2021 ELECTION OF BOARD OF DIRECTORS
CANDIDATES' PROFILE

**ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(FORMERLY: ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-ILOILO INC.)
2014**

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
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Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

FERJENEL G. BIRON
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
Cebu Doctors College	Mater in Hospital Management	Ongoing (Thesis Writing)
University of Asia and the Pacific	Master in Business Economics	Ongoing (Thesis Writing)
Asian Institute of Management	Manufacturing Management and Finance Course for Senior Executives	1999
West Visayas Sstate University	Doctor of Medicine	1989
West Visayas State University	B.S. Biological Sciences	1985

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Phil Pharmawealth, Inc.	President / CEO	1993-Present (16 years with interruption during his tenure as member of the house of representatives
House of Representatives	Member	2004-2013, 2016-2019
Endure Medical, Inc.	CEO	2013-2016, 2019 - Present
Allied Care Experts (ACE) Medical Center - Iloilo, Inc.	President Chairman	2014 – Present 2020 - Present
Allied Care Experts Medical Center – Bacolod, Inc.	President Chairman	2017 – Present 2020 - Present
Asia Pacific Medical Center (APMC) Aklan, Inc.	President	2017 - 2020
Asia Pacific Medical Center (APMC) Aklan, Inc.	Chairman	2020 - Present
Allied Care Experts Medical Center- Cagayan De Oro	Member, Board of Directors	2016 - Present
Aesthetica Manila, Inc.	President	2016 - Present
Smartlab Diagnostic and Dialysis Center	President	2018 - Present
Baguio Cordillera Doctors Hospital Inc.	President	2018 - Present
Botikang Pinoy, Inc.	Chairman	2017 - Present
Super BP Mart Corporation	Chairman	2017 - Present

DR. FELIBERT O. DIANCO
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRAUATED
West Visayas State University	Doctor of Medicine	1999
West Visayas State University Medical Center	Internal Medicine	2004
Philippine Heart Center	Adult Cardiology	2009
Cebu Doctors' University	Master of Arts in Hospital Administration (For Thesis Completion)	2017

BUSINESS /WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
West Visayas State University Medical Center	Asst. Chair- ICU Committee	4 Years
Philippine Heart Association - Panay Chapter	Past President	2 Years
Philippine College of Physicians- Panay Chapter	Member, Board of Directors	2020-Present
Allied Care Experts Medical Center Iloilo	Independent Director	2020-Present

LEMUEL T. FERNANDEZ
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of Iloilo	Bachelor of Arts (Major: Political Science	1988
Central Philippine University	Bachelor of Laws (2nd Year)	1999-2001

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
The Daily Guardian	Founding Publisher	20 Years
Global Business Power Corp	PR Consultant	23 Years
House of Representatives	Chief Political Affairs Officer	6 Years
Panay News	Editor-In-Chief	9 Years
Iloilo Press Club	President Member	3 Terms 30 Years
Rotary Club of Iloilo	President Member	1 Term 10 years
Allied Care Experts Medical Center Iloilo	Independent Director Regular Director	2018 -2019 2020-Present

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DR. LUSYL GOMEZ
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
West Visayas State University	AB Science	1980
West Visayas State University	Doctor of Medicine	1984
Iloilo Doctors' Hospital	Post Graduate Internship	1984-1985
Cebu Doctors' University	Master of Arts in Hospital Administration	Ongoing (Thesis Writing)

BUSINESS / WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
STI	School Physician	3 Years
St. Therese College	School Physician	3 Years
Iloilo Doctors College –School of Dentistry	Professor	3 Years
Health Link (Iloilo) Inc.	Treasurer Member, Board of Directors	4 Years 12Years
Wellness Medica Pharma	Member, Board of Directors	6 Years
Iloilo Doctors College of Dentistry	Professor	3 Years
IpedCare Plus Pharmacy.	Head of Operations	2021
ExcelGlobal Inc.	Vice President for Operations Member, Board of Directors	2016-Present 4 Years
Allied Care Experts (ACE) Medical Center Iloilo Inc.	Independent Director Regular Director	September 2017- August 2018 October 2020-Present
Iloilo Doctors' Hospital	Residency Training in Pediatrics	3 Years

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

DR. AMADO M. LAVALLE JR.
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
West Visayas State University	Bachelor of Science in Biological Science	1984
West Visayas State University	Doctor of Medicine	1988
St. Paul's Hospital	Post-Graduate	1988-1989
Cebu Doctors' University	Master of Arts in Hospital Administration	Ongoing (Thesis Writing)

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
St. Paul's Hospital	Residency Training in General Surgery	1990 -1994
University of the Philippines-Philippine General Hospital	Fellowship Training in Surgical Oncology	1996
St. Paul's Hospital Iloilo Department of Surgery	Training Officer Chairman	1997-2004 2005-2011
West Visayas State University Hospital Medical Center	Consultant Department of Surgery	1998-Present
West Visayas Medical Center	Consultant Department of Surgery	1998-2017
Philippines Society of General Surgeons, Panay Chapter	Secretary President	1998-2001 2002-2003
Philippines College of Surgeon Panay Chapter	Member, Board of Directors	1998-2002
Allied Care Experts (ACE) Medical Center -Iloilo Inc.	Vice Chairman Executive Vice President	June 2016 -August 2019 2019-Present

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Tel No. (033) 321-57-48

DR. MERIDE D. LAVILLA
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
West Visayas State University	B.S Biology	1984
West Visayas State University	Doctor of Medicine	1988
West Negros College	B.S Nursing	2004
Cebu Doctor's University	Master of Arts in Hospital Administration	Ongoing (Thesis Writing)

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
West Visayas State University Medical Center	Resident Physician Department of Pediatrics	1990-1993
Lavilla Medical Clinic	Practicing Pediatrician	1994-Present
West Visayas State University College of Medicine & Dept. of Pediatrics	Clinical Preceptor for 2nd -3rd year Medical Students	1994-Present
Vitarich Corporation	Retainer Physician	1998-Present
Angelina Bakeshop	Retainer Physician	2008-2020
Allied Care Experts (ACE) Medical Center Iloilo, Inc.	Asst. Corp. Treasurer Corp. Secretary Asst. Secretary	December 2014- May 2016 June 2016- August 2019 September 2019-Present
Allied Care Experts (ACE) Medical Center Bacolod Inc.	Corp. Treasurer Asst. Corp. Treasurer	2017-2018; 2019-Present
Asia Pacific Medical Center Aklan Inc.	Executive Vice President	2017-Present
Allied Care Experts (ACE) Medical Center Cagayan De Oro, Inc.	Asst. Corp. Treasurer Regular Director	2021-Present 2016-Present
Healthlink Iloilo Inc.	Corp. Secretary; Member, Board of Directors	2009-2011; 2014-Present
ExcelGlobal Inc	Chairman	2017-2020

DR. GEANIE CERNA LOPEZ
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
Siliman University	B.S Gen. Science	1973
Cebu Institute of Medicine	Doctor of Medicine	1977
Jose Reyes Memorial Medical Center	OB Gyne Residency Training	1985
Philippine General Hospital	OB Gyne Ultrasound	1996
Ateneo Professional School	Master in Hospital Services Administration	1997

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Unihealth Parañaque Hospital And Medical Center	President/CEO	2020-2021
Medical Center Muntinlupa	Medical Director	2021-2022
Las Piñas City Medical Center	Corporate Secretary	2021-2022
Allied Care Experts (ACE) Hospitals	Member, Board of Directors	1996-Present
Allied Care Experts (ACE) Medical Center Cebu	Vice – President	2020-2021
Allied Care Experts (ACE) Medical Center Bohol	Asst. Corp Sec	2020-2021
Allied Care Experts (ACE) Medical Center Dumaguete	Vice- President	2016-2021
Allied Care Experts (ACE) Medical Center Tacloban	Member, Board of Directors	2016-2021
Allied Care Experts (ACE) Medical Center Cagayan De Oro	Vice-President	2019-2021
Allied Care Experts Medical Center Iloilo	Asst. Corporate Secretary Member, Board of Directors	June 2016-August 2019 2014- May 2019

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Tel No. (033) 321-57-48

DR. IKE T. MINERVA
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of San Agustin	B.S Medical Technology	1996
West Visayas State University	College of Medicine	2000
Cebu Doctor's University	Master of Arts in Hospital Administration	Ongoing Thesis

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
West Visayas State University Medical Center	Unit Head- Endoscopy Unit	10 Years
Phil. Society of Gastroenterology	Member	11 Years
Hepathology Society of The Philippine	Member	11 Years
Allied Care Experts Medical Center Iloilo	Independent Director Regular Director	September 2017 - August 2018 August 2019 -Present

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Tel No. (033) 321-57-48

DR. FELIX P. NOLASCO
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of the Philippines- Diliman	B.S. Pre-Med	1974
University of the Philippines- College of Medicine	Doctor of Medicine	1978
University of the Philippines-Philippine General Hospital Medical Center	Residency-ENT-HNS	1983
Wayne State University Detroit USA	Fellowship Maxillofacial Trauma	1993
Philippine Christian University	Master of Arts in Hospital Administration	2012

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Subic Naval Base	ENT Consultant	1984-1986
Jose Reyes Medical Center	Executive Officer ENT- HNS	1991-1996
Medical Center Manila	Chairman ENT -HNS	1989-1995
University of the Philippines- Philippine General Hospital Medical Center	ENT Clinic Instructor	1995-2003
Philippine Board of Otolaryngology-Head and Neck Surgery	President	2020
Philippine Society of Otolaryngology-Head and Neck Surgery Inc.	President	2005
San Juan De Dios Hospital (SJDH)	ENT Head	1990-2017
East Avenue Medical Center	Chairman	1988-2017
Manila Doctors Hospital	ENT Consultant	Since 1998
St. Tomas Hospital & Medical Center	Chairman	2 Years
Allied Care Experts Baypointe	President	3 Years
Philippines Society ORL-HNS	President	1 Year
Unihealth Paranaque Hospital and Medical Center.	Medical Director and Administrator	5 Years
Allied Care Experts Medical Center-Bohol	Vice- President	3 Years
Allied Care Experts Medical Center-Pateros	Member, Board of Directors	7 Years
Allied Care Experts Medical Center-Quezon City	Member, Board of Directors	7 Years
Allied Care Experts Medical Center-Dumaguete	Member, Board of Directors	5 Years
Allied Care Experts Medical Center-Baliwag	Vice Chairman	3 Years
Allied Care Experts Medical Center- Cebu	Member, Board of Directors	2019-2020
Allied Care Experts Medical Center-Iloilo	Member, Board of Directors Member, Board of Directors	2014-September 2017 October 2020 -Present

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Tel No. (033) 321-57-48

ENG'R. GENEROSO M. ORILLAZA
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
Far Eastern University, Institute of Technology	B.S. Civil Engineering	1977

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
OPERATING HOSPITALS		
Allied Care Experts Medical Center - Baypointe	Member, Board of Directors Head, Management Information System	November 2010 to Present
Allied Care Experts Medical Center-Pateros	Head, Management Information System	June 2012 to Present
Allied Care Experts Medical Center - Quezon City	Member Executive Committee Head, Eng'g and Maintenance Head, Management Information System	Jun E 2013 to Present
Allied Care Experts Medical Center - Valenzuela	Head, Eng'g and Maintenance Head, Management Information System	January 2014 to Present
Allied Care Experts Medical Center-Bohol	Member, Board of Directors	July 2016 to Present
Unihealth Parañaque Hospital and Medical Center	Member, Board of Directors Head, Management Information System	June 2014 to Present
On Going Construction Hospitals		
Allied Care Experts Medical Center Legaspi	Member, Construction Committee	June 2016 to Present
Allied Care Experts Medical Center San Jose Del Monte	Member, Board of Directors Member, Construction Committee	July 2016 to Present
Allied Care Experts Medical Center Palawan	Member, Construction Committee	June 2017 to Present
Allied Care Experts Medical Center Malolos	Member, Board of Directors Member, Construction Committee	November 2017 to Present
Allied Care Experts Medical Center Butuan	Member, Construction Committee	March 2017 to Present
Allied Care Experts Medical Center Cagayan De Oro	Member, Board of Directors Head, Construction Committee	May 2016 to Present
Allied Care Experts Medical Center Gensan	Member, Construction Committee	October 2016 to August 2020
Allied Care Experts Medical Center Iloilo	Member, Board of Directors	2014 to 2020

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DR. DANILO C. REGOZO
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of the Philippines in the Visayas	B.S in Fisheries (Inland)	1983
West Visayas State University	B.S in Biological Sciences	1984
West Visayas State University	Doctor of Medicine	1988
St. Paul's Hospital	Post-Graduate Internship	1988
West Negros College	B.S in Nursing	2006
Cebu Doctors University	Master of Arts in Hospital Administration	For Completion

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Farmacia NEO	Owner/CEO	29 Years
Regozo Family Medicine Clinic	Owner/Family Physician	29 Years
Philippine College of Occupational Medicine	Associate Member	1994-Present
Allied Care Experts Medical Center Iloilo	Member, Board of Directors Head of the Construction Committee	2014-Present 2014-Present
Allied Care Experts Medical Center Bacolod	Executive Vice President	2017-Present
Allied Care Experts Medical Center Butuan	Member, Board of Directors	2016-Present
Allied Care Experts Medical Center Gensan	Member, Board of Directors	2016-Present
Allied Care Experts Medical Center Aklan	Member, Board of Directors	2017-Present
Baguio Cordillera Doctors Hospital	Member, Board of Directors	2018-Present
Philippine Academy of Family Physicians, Iloilo Chapter	Treasurer Vice President	2001-2003 2003-2004
Philippine Academy of Family Physicians, Iloilo Chapter	Vice President	1 Year
Iloilo Medical Society	Asst. Secretary Vice President Member, Board of Directors	2014-2016 2016-2018 2018-2019

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Tel No. (033) 321-57-48

DR. FREDILYN G. SAMORO
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
West Visayas State University	B.S. in Biology Science	1985
West Visayas State University	Doctor of Medicine	1989
Cebu Doctor's University	Master of Arts In Hospital Administration	Ongoing

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Allied Care Experts Medical Center-Iloilo	Member, Board of Directors Vice Chairman	6 Years 2 Years
Allied Care Experts Medical Center-General Santos	President	5 Years
Allied Care Experts Medical Center-Butuan	President	5 Years
Healthlink Iloilo Inc.	Member, Board of Directors	16 Years
Iloilo Integrated School	COO/ Board of Trustees	20 Years
MD Check	Member, Board of Directors	12 Years
Philippine Obsteterics and Gynecology	President	1 Year
Philippine Obstetrical & Gynecological Society, Panay Chapter	Vice President	1 Year

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Tel No. (033) 321-57-48

ATTY. ROLEX SUPLICO
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of the Philippines-Diliman	B.S Political Science	1983
University of the Philippines-Diliman	Bachelor of Laws	1989

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Provincial Government of Iloilo	Board Member	1995
House of Representatives	Member	1998-2007
House of Representatives	Deputy Minority Leader and Member of the Commission of Appointments	2004-2007
Provincial Government of Iloilo	Iloilo Vice Governor	2007-2010
R2S Manpower Services Corporation	President	1 Year
Great Odysseus Sec. Agency Inc.	President	7 Years
Great Jupiter Mercantile Inc.	President	5 Years
Suplico & Austria Law Office	Partner	7 Years
Allied Care Experts Medical Center Iloilo	Member, Board of Directors	2020-Present

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DR. AGNES JEAN M. VILLAFLOR
DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of the Philippines Visayas	B.S. Biology	1985
West Visayas State University	Doctor of Medicine	1989
Cebu Doctors University	Master of Arts in Hospital Administration	Thesis Writing

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Private Practice	Internist Nephrologist	24 Years
M3 Dialysis Center Iloilo	Medical Director	13 Years
West Visayas State University Medical Center	OIC Head Nephrologist	7 Months
Iloilo Mission Hospital Dialysis Unit	Head Nephrologist	10 Years
Phil Society of Nephrology Panay Iloilo	Vice President	2 Years
Dept. of Internal Medicine West Visayas State University Medical Center	Training Officer; Asst. Training Officer	2 Years 2 Years
West Visayas State University College of Medicine	Professorial Lecturer	15 Years
Allied Care Experts Medical Center Iloilo	Asst. Secretary Treasurer	December 2014–May 2016 June 2016-Present
Renal Specialty Inc.	Secretary	8 Years
Renal Specialty Inc.	Medical Director	3 Years

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Tel No. (033) 321-57-48

DR. JERUSHA A. COMUELO
INDEPENDENT DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
West Visayas State University	B.S. Biological Sciences	1987
West Visayas State University	Doctor of Medicine	1992
Cebu Doctor's University	Master of Arts in Hospital Administration (For Thesis Completion)	2018

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
West Visayas State University Medical Center	Pediatrics Training	4 Years
Philippine Children's Medical Center	Child Neurology Training	3 Years
West Visayas State University Medical Center	Medical Specialist	Sept. 2014-Present
Philippine Pediatric Society	Member	April 2000-Present
Philippine Medical Association	Life Member	1998-Present
Child Neurology Society of the Philippines	Member	2002-Present
Philippine League Against Epilepsy	Member	2001-Present
International Child Neurology Association	Member	2020-Present
Iloilo Neuroscience Group Inc.	Treasurer	2015-Present
West Visayas State University College of Medicine	Treasurer	2016-Present
Asean Oceanian of Child Neurology	Member	2018-Present

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Tel No. (033) 321-57-48

MA. TERESA F. DEBUQUE
INDEPENDENT DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
University of San Agustin	B.S. Psychology/AB Economics	1983
University of San Agustin	Bachelor of Laws	1991
Cebu Doctor's College	Master of Arts in Hospital Administration	Undergraduate

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Local Government Unit, Anilao-Iloilo	Vice Mayor	5 Years (2016-Present
Local Government Unit- Anilao, Iloilo	Municipal Mayor	9 Years (2007-Present)
Local Government Unit- Janiuay, Iloilo	Sangguniang Bayan Member	3 Years (1992-1995)
Lady Local Legislators League of the Philippines (Four-L)	Vice President	2019-Present
League of the Municipalities of the Philippines (LMP)	President	2010-2013

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Tel No. (033) 321-57-48

DR. RONALD L. RAMIRO
INDEPENDENT DIRECTOR

EDUCATIONAL BACKGROUND

EDUCATIONAL INSTITUTION	DEGREE	YEAR GRADUATED
Siliman University	B.S. General Science	**1977**
Cebu Institute of Medicine	Doctor of Medicine	**1981**
Southern Island Medical Center	Post-Graduate Internship	**1981-1982**
Cebu Doctors University	Master of Arts in Hospital Administration	**2018**

BUSINESS/WORK EXPERIENCE

COMPANY	POSITION	LENGTH OF SERVICE
Ramiro Community Hospital	Medical Director	20 Years (1994-2014)
Ramiro Community Hospital	Chairman of its Department of Surgery	1990-2014
Allied Care Experts Medical Center Bohol	President	7 Years (2014-Present)
Cebu Doctor's Hospital	Chief Resident of the Department of Surgery	January to December 1998
Allied Care Experts Medical Center-Cebu	Member, Board of Director	2020-2021
Allied Care Experts Medical Center Iloilo	Independent Director	2018 -Present

ANNEX "D"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Jerusha A. Comuelo, Filipino, of legal age and a resident of Metropolis Executive Village Bito on; Jaro, Iloilo City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Allied Care Expert Medical Center Iloilo_ and have been its independent director since 2020 to present (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Iloilo Neuroscience Group, Inc	Treasurer	2015 to present
West Visayas State Univ. Medical Center	Medical Specialist IV	2014 to present
Asia Pacific Medical Center Aklan Inc	Founder	2017 to present
Allied Care Expert Medical Center Iloilo	Founder	2015 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Expert Medical Center Iloilo, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of _(covered company and its subsidiaries and affiliates)_ other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable	Not Applicable	Not Applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not Applicable	Not Applicable	Not Applicable

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the _West Visayas State University Medical Center_ to be an independent director in ACEMC Iloilo, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this JUN 2 4 day of 2021, at ________________.

Jerusha A. Comuelo
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 4 day of 2021 at ILOILO, affiant personally appeared before me and exhibited to me his/her PRC 0078518 issued at Iloilo City on November 22, 1993+-_.

Doc. No. 139;
Page No. 29;
Book No. IX;
Series of 2021;

ATTY. IRISH B. MOMBAY
NOTARY PUBLIC
NOT. COMM. REG. NO. 39 until December 31, 2021
Roll No. 67278
IBP No. 140951 Feb. 15, 2021 / Pasig City
PTR No. 7255481 Jan. 04, 2021 / Iloilo City
MCLE Compliance No. VI-0010225
Mombay Law Office
Unit 1, 3F, Rosary Building, Iznart St., Iloilo City
Cel No. 09399141717

West Visayas State University
(Formerly Iloilo Normal School)
Luna St., La Paz, Iloilo City 5000
Iloilo, Philippines
* Trunkline: (063) (033) 320-0870 loc 1102 * Telefax No.: (033) 320-0879
* Website: www.wvsu.edu.ph * Email Address: president@wvsu.edu.ph

OFFICE OF THE PRESIDENT

PERMIT TO ENGAGE IN LIMITED PRACTICE OF PROFESSION

(Original/Renewal)

NAME: Jerusha A. Comuelo
CAMPUS: University Medical Center
COLLEGE/DEPARTMENT: Department of Pediatrics
POSITION TITLE: Medical Specialist IV
DESIGNATION: Chairman
STATUS OF APPOINTMENT: Fulltime

A. State briefly the exact nature of proposed limited practice of profession and the reason/s for engaging it. Explain how it will serve the best interest of the University.

I will practice my profession for 8 hours a day or 40 hours a week in the University Medical Center. Also I have cross appointment as professor in the University College of Medicine.
I will do my private practice and other obligations in the other hospitals or institutions I am affiliated to Only after completion of duties as prescribed by number of hours by this institution.

B. Indicate the time and days of involvement (approximate number of hours to be spent in the Practice of Profession or the time schedule).

My duty hours in the University Medical Center is 8 hours weekdays on call for administrative and clinical decision making. My private practice and engagements will be after completion of my duties as prescribed by number of hours by this institution, weekends and declared local/national holidays. I may be a lecturer/moderator/trainor/trainee/ atendee in other institution provided a duly applied leave during office hours was approved

C. Indicate the office, school, and place where the Practice of Profession will be done.

I will be performing my duties and responsibilities as pediatrician/pediatric neurologist and other related engagement or obligations in the practice of my profession including independent director in the private hospital in the Province of Iloilo including Allied Care Experts Medical Center in Region 6 (non operational) and other school (Central Philippine University)

1. I hereby abide by the rules and regulations approved by the President and the Board of Regents governing the limited practice of profession: Jerusha A. Comuelo, MD, FPPS, FPNA,FCNSP Signature Over Printed Name	4. Recommending Approval: DARYL J. DIAZ SUPERVISING ADMINISTRATIVE OFFICER JAN 11 2021 HRMO Head Date
2. Recommended by: Immediate Supervisor Date	5. Recommending Approval: JAN 11 2021 CELINA C. GELLADA, MD, FPPS, FPSDBP VP of Concerned Unit Date
3. Endorsed by: Dean/Director/Unit Head Date	6. Approved: JOSELITO F. VILLARUZ, M.D., Ph.D., FPPS SUC President IV University President Date

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MA. TERESA FORMACION DEBUQUE, Filipino, of legal age and a resident of Barangay Dangula-an, Anilao, Iloilo, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ALLIED CARE EXPERTS MEDICAL CENTER, ILOILO, INC (ACEMC ILOILO).
   (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
LOCAL GOVERNMENT UNIT OF ANILAO	Municipal Vice Mayor	July 2016 up to present
LADY LOCAL LEGISLATORS LEAGUE OF THE PHILIPPINES	VICE President	2019 up to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ALLIED CARE EXPERTS MEDICAL CENTER, ILOILO, INC (ACEMC ILOILO), as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. I have the required permission from the Municipal Mayor OF LGU-ANILAO, HON. NATHALIE ANN F. DEBUQUE to be an independent director in ALLIED CARE EXPERTS MEDICAL CENTER, ILOILO, INC (ACEMC ILOILO),, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ALLIED CARE EXPERTS MEDICAL CENTER, ILOILO, INC (ACEMC ILOILO), of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 2 4 2021 day of June 2021, at Anilao, Iloilo.

MA. TERESA F. DEBUQUE
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 4 2021 day of ____________ at ILOILO, affiant personally appeared before me and exhibited to me his/her PHIC ID# 11-000105364-7 issued at ILOILO on ____________.

Doc. No. 131;
Page No. 28;
Book No. IX;
Series of 2021;

ATTY. IRISH B. MOMBAY
NOTARY PUBLIC
NOT. COMM. REG. NO. 39 until December 31, 2021
Roll No. 67378
IBP No. 140951 Feb. 15, 2021 / Pasig City
PTR No. 7255481 Jan. 04, 2021 / Iloilo City
MCLE Compliance No. VI-0010225
Mombay Law Office
Unit 1, 3F, Rosary Building, Iznart St., Iloilo City
Cel No. 09399141717

ANNEX "D2"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RONALD L. RAMIRO, MD, Filipino, of legal age and a resident of 252 Jose Go St., Tagbilaran City, having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Allied Care Experts Medical Center Iloilo Inc. and have been its independent director since 2019 .

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
ACEMC Bohol Inc.	President/Stockholder	2014 to present
Ramiro Community Hospital	Medical Director/Stockholder	1994 to 2014
N/A	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Allied Care Experts Dumaguete Doctors Inc, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances

4. I am related to the following director/officer/substantial shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code

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

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be);

6. (For those in government service/affiliated with a government agency or GCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in N/A , pursuant to Office f the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances

8. I shall inform the Corporate Secretary of Allied Care Experts Medical Center Iloilo Inc of any changes in the abovementioned information within five days from its occurrence.

Done this __day of JUN 2 4 2021, at AGSILARAN CIT

RONALD L. RAMIRO, MD
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 4 2021 day of ____________, at ____________ affiant personally appeared before me and exhibited to me his/her PRC 54090 issued on 2-8-1983, at Manila

Doc No 761
Page No 42
Book No LIX
Series of 2021

ANTONIO D. ARABEJO
NOTARY PUBLIC - NCS NO. 2020-05
UNTIL DECEMBER 31, 2021
PTR NO. 0731865, 12-11-19 FOR 2020
IBP OR NO. 094984, 11-15-19 FOR 2020
ROLL NO. 37470, MCLE VI-0006609, 12-20-1

ANNEX "E"

Allied Care Experts (ACE) Medical Center – Iloilo Inc.

Financial Statements
December 31, 2020, 2019 and 2018

and

Independent Auditors' Report

----- Forwarded Message -----
From: "eafs@bir.gov.ph" <eafs@bir.gov.ph>
To: "acemci.acctg@yahoo.com" <acemci.acctg@yahoo.com>
Cc: "acemci.acctg@yahoo.com" <acemci.acctg@yahoo.com>
Sent: Friday, 30 April 2021, 04:33:20 pm GMT+8
Subject: Your BIR AFS eSubmission uploads were received

Hi ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.,

Valid files

- EAFS008922703RPTTY122020.pdf
- EAFS008922703OTHTY122020.pdf
- EAFS008922703ITRTY122020.pdf
- EAFS008922703AFSTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-EJE6FHB0PSWWVMNMP334S44W0MNX4YMSX**
Submission Date/Time: **Apr 30, 2021 04:19 PM**
Company TIN: **008-922-703**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

ALLIED CARE EXPERTS
ACE
MEDICAL CENTER
ILOILO
A member of ACE Group of Hospitals
BRGY. UNGKA, JARO ILOILO CITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **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, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, 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 for December 31, 2020, 2019 and 2018, who were appointed by the stockholders, 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.

Dr. Ferjenel G. Biron
Chairman of the Board

Dr. Agnes Jean Villaflor
Corporate Treasurer

Elmer Z. Samoro
Chief Finance Officer

Signed this 18th day of APRIL 2021

REPUBLIC OF THE PHILIPPINES)
CITY AND PROVINCE OF ILOILO)S.S.

SUBSCRIBE AND SWORN to before me this APR 2 9 2021 with presentation of the following:

Name	Government ID	Place Issued	Date Issued
Dr. Ferjenel G. Biron	Phil. Passport#P1721544A	Manila	1/23/2021
Dr. Agnes Jean Villaflor	PRC#0070893	Iloilo	8/9/2018
Elmer Z. Samoro	UMID#0007-1466430-5	Iloilo	

WITNESS HAND AND SEAL this ___th day of APR 2 9 2021, 20__, in Iloilo City, Philippines.

Doc. No. 337 ;
Page No. 69 ;
Book No. VIII ;
Series of 2021

ATTY. IRISH B. MOMBAY
NOTARY PUBLIC
NOT. COMM. REG. NO. 39 until December 31, 2021
Roll No. 67278
IBP No. 140951 Feb. 15, 2021 / Pasig City
PTR No. 7255481 Jan. 04, 2021 / Iloilo City
MCLE Compliance No. VI-0010225
Mombay Law Office
Unit 1, 3F, Rosary Building, Iznart St., Iloilo City
Cel No. 09399141717

BOA License No. 0416 (Up to May 25, 2021)
SEC Accreditation No. 0383 - F (Group B) (Up to September 9, 2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.** as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 18, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of fifty-nine (59) stockholders owning one hundred (100) or more shares each.

For the firm : DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUÑIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)
BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)
Tax Identification No.133-451-815
PTR No. MKT 8547296
January 14, 2021

April 18, 2021
Makati City
Philippines

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

As of December 31, 2020, we have determined that there are no key audit matters to communicate in our report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **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.

The engagement partner on the audit resulting in this independent auditor's report is Maria Teresita Zuñiga-Dimaculangan.

For the firm: DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUÑIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)
BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)
Tax Identification No.133-451-815
PTR No. MKT 8547296
January 14, 2021

April 18, 2021
Makati City
Philippines

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

ASSETS	Notes	December 31, 2020	2019
CURRENT ASSETS			
Cash	6	**48,022,046**	15,371,215
Receivable - others		**140,652**	167,922
Advances to related party	13	**32,063,203**	289,039,039
Advances to contractors	7	**46,605,879**	30,955,691
Advances to supplier	7	**7,022,271**	3,515,904
Prepayments		**213,858**	192,306
		134,067,909	339,242,077
NON-CURRENT ASSETS			
Property and equipment (net)	8	**412,944,976**	155,918,076
Construction-in-progress	9	**1,215,428,067**	993,243,626
Other non-current assets	17	**5,015,228**	225,000
		1,633,388,271	1,149,386,702
TOTAL ASSETS		**1,767,456,180**	1,488,628,779

LIABILITIES AND EQUITY	Notes	2020	2019
CURRENT LIABILITIES			
Accounts payable and other liabilities	10	**96,662,087**	67,510,071
Income tax payable	18	**228**	-
Loans payable to individuals	11	**30,343,471**	75,250,000
Notes payable - current portion	12	**19,393,250**	17,970,720
		146,399,036	160,730,791
NON-CURRENT LIABILITIES			
Notes payable - net of current portion	12	**856,996,830**	739,241,760
Advances from shareholders	13	**-**	260,878,684
		856,996,830	1,000,120,444
TOTAL LIABILITIES		**1,003,395,866**	1,160,851,235
EQUITY			
Share capital (net)	14	**221,234,000**	168,150,000
Share premium	14	**653,467,980**	226,900,000
Deficit		**(110,641,666)**	(67,272,456)
		764,060,314	327,777,544
TOTAL LIABILITIES AND EQUITY		**1,767,456,180**	1,488,628,779

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2020**	2019	2018
REVENUE		-	-	-
DIRECT COST		-	-	-
GROSS PROFIT		-	-	-
OTHER INCOME	*6,15*	**107,317**	97,953	137,975
GROSS INCOME		**107,317**	97,953	137,975
GENERAL AND ADMINISTRATIVE EXPENSES	*16*	**29,646,352**	25,904,499	18,944,150
LOSS FROM OPERATIONS		**(29,539,035)**	(25,806,546)	(18,806,175)
FINANCE COST	*12*	**13,830,175**	11,456,490	-
NET LOSS BEFORE INCOME TAX		**(43,369,210)**	(37,263,036)	(18,806,175)
INCOME TAX EXPENSE	*18*	-	-	-
NET LOSS FOR THE YEAR		**(43,369,210)**	(37,263,036)	(18,806,175)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(43,369,210)**	(37,263,036)	(18,806,175)
BASIC LOSS PER SHARE	*19*	**(184.53)**	(161.21)	(92.19)

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Philippine Peso)

	Share Capital (Note 14)	Share Premium	Deficit	Total
EQUITY				
As at January 1, 2018	120,000,000	-	(11,203,245)	108,796,755
Additional share capital	21,000,000	-	-	21,000,000
Net loss for the the year	-	-	(18,806,175)	(18,806,175)
As at December 31, 2018	141,000,000	-	(30,009,420)	110,990,580
Additional share capital	27,150,000	-	-	27,150,000
Share premium (Note 14)	-	226,900,000	-	226,900,000
Net loss for the year	-	-	(37,263,036)	(37,263,036)
As at December 31, 2019	**168,150,000**	**226,900,000**	**(67,272,456)**	**327,777,544**
Additional share capital	**53,084,000**	**-**	**-**	**53,084,000**
Share premium (Note 14)	**-**	**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**

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

	Notes	**2020**	2019	2018
		For the years ended December 31,		
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		**(43,369,210)**	(37,263,036)	(18,806,175)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	*8*	**422,948**	305,461	135,788
Interest income	*6,15*	**(95,937)**	(97,953)	(115,966)
Interest expense	*12*	**(13,830,175)**	(11,456,490)	-
Operating cash outflows before changes in working capital		**(56,872,374)**	(48,512,018)	(18,786,353)
Changes in working capital components:				
Decrease (increase) in current assets:				
Short term investments		**-**	10,218,347	(148,124)
Receivable - others		**27,270**	5,048,250	(2,032,500)
Advances to related party	*13*	**256,975,836**	(38,711,983)	(131,940,361)
Advances to contractors	*7*	**(15,650,188)**	(6,731,339)	(14,207,719)
Advances to suppliers	*7*	**(3,506,367)**	(3,515,904)	-
Prepayments		**(21,552)**	30,100	(32,765)
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	*10*	**29,152,016**	39,593,263	(236,959)
Net cash provided by/(used in) operations		**210,104,641**	(42,581,284)	(167,384,781)
Interest received	*6,15*	**95,937**	97,953	115,966
Net cash provided by (used in) operating activities		**210,200,578**	(42,483,331)	(167,268,815)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*8*	**(259,986,723)**	(59,630,468)	(55,697,970)
Proceeds from sale of hospital equipment	*9*	**2,536,875**	-	-
Additions to construction-in-progress	*9*	**(222,184,441)**	(405,769,400)	(279,274,095)
Collection of loans receivable		**-**	37,000,000	-
Increase in other non-current asset	*17*	**(4,790,000)**	(210,000)	-
Net cash used in investing activities		**(484,424,289)**	(428,609,868)	(334,972,065)

Balance forwarded

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2020**	2019	2018
Forwarded balance				
CASH FLOWS FROM FINANCING ACTIVITIES				
Additional share capital	*14*	**53,084,000**	27,150,000	-
Additional paid-in capital	*14*	**426,567,980**	226,900,000	-
Proceeds from bank loan	*12*	**119,177,600**	253,062,480	276,370,000
Payments to loans from individuals	*11*	**(44,906,529)**	-	-
Proceeds from (payments to) advances from shareholders	*13*	**(260,878,684)**	(79,995,224)	82,623,908
Interest paid	*12*	**13,830,175**	11,456,490	-
Net cash provided by financing activities		**306,874,542**	438,573,746	358,993,908
NET INCREASE (DECREASE) IN CASH		**32,650,831**	(32,519,453)	(143,246,972)
CASH, beginning of the year		**15,371,215**	47,890,668	191,137,640
CASH, end of the year	*6*	**48,022,046**	15,371,215	47,890,668

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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.

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 may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located in 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed by December 2018. However, due to circumstances beyond the control of Management, this was moved to April 2021 in which the hospital is estimated to be fully completed and operational.

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that re directly affected by the interest rate benchmark reform. A hedging relationship is affected if

the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

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

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:
    i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
    ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
    iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
    iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

<u>Standards Issued but not yet Effective:</u>

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 1, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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

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

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

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

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

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

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

If not presented separately in the statement of comprehensive income, 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 statement of comprehensive income include(s) such proceeds and cost.

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

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

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

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

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

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

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

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

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

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 future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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

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

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

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

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

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

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

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

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

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

Effective Beginning on or after January 01, 2023

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

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement 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.

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 contacts 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 contacts (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.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Deferred Effectivity

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, *Confirming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, *Leases*, for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, *Investment Property*, has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	**Basis for Withdrawal**
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, *Leases,* and Philippines Interpretation SIC-15, *Operating Leases - Incentives*
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, *Separate Financial Statements)* in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, ***Accounting for step acquisition of a subsidiary in a parent***

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.

b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, ***PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation ("ARO")***

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

   The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

   2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO- related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

   2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

   a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

   b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, ***Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets***

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, ***Accounting for variable payments with rent review***

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, ***Determining the current portion of an amortizing loan/lease liability***

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, ***PFRS 16, Leases – Determining the Lease Term***

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, *PFRS 16 - Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
1	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of- use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-		• PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold	• Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.		Recognize as part of the cost of the right-of- use asset.	• PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

PIC Q&A No. 2020-07, ***PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.***

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed. Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020 • If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed • If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes"

- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed

- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return

- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation. Management is still evaluating the impact of the amendment on the Company's financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

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

Current versus Noncurrent Classification

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

An Asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

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

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

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

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

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and receivable – others as at reporting dates (see Note 6).

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and 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 or loss.

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

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

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

Impairment

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

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

For advances to related party, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

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

<u>Financial liabilities at fair value through profit or loss</u>

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

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

Gains or losses on liabilities held for trading are recognized in the statements of 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.

<u>Financial liabilities at amortized cost (loans and borrowings)</u>

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

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

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (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 statement of comprehensive loss.

Offsetting of financial instruments

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

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

Cash

Cash in the statement of financial position comprise of cash in banks and on hand and short-term highly liquid deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Receivable – others has many forms such as advances to contractors and advances to suppliers.

Advances to a related party and loans receivable 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

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 expense as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

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

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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

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

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

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

Impairment of Non-Financial Assets

At each reporting date, the Company 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 measured at par value for all shares issued.

Share premium

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

Deficit

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

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

<u>Revenue from Contracts with Customers</u>

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 service income from hospital services nor medical goods since the hospital is still in its construction in progress stage, thus the Company is said to be not in commercial operations as of December 31, 2020.

Revenue Recognition outside the Scope of PFRS 15

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

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

Employee Benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

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

However as at reporting dates, the Company has not yet established a fund retirement benefits plan for its employees since the Company has not yet started its commercial 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Related Party Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss or directly in equity respectively.

Earnings (Loss) per Share

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

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

Provisions and Contingencies

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

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

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

Events After the Reporting Period

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

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

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

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.

Critical Judgments in Applying 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:

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

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Determination of Whether a Lease is a Finance or Operating Lease

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

<u>Operating Lease Commitments – Company as Lessee</u>

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

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, subheadings Provisions and Contingencies.

Key Sources of Estimation Uncertainty

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:

Estimating useful lives of assets

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

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

Categories	Estimated Useful Life
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, 2020 and 2019, the Company's property and equipment had carrying amounts of ₱281,584,665 and ₱155,918,076, respectively, as disclosed in Note 8. Total accumulated depreciation as at December 31, 2020 and 2019 amounted to ₱1,020,339 and ₱597,391, respectively, as disclosed in Note 8.

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, 2020, and 2019, 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 ₱228 as at December 31, 2020 (see Note 18).

Deferred tax assets with full valuation allowance as at December 31, 2020, 2019 and 2018 amounted to ₱29,853,239, ₱19,407,828 and ₱8,930,906, respectively (see Note 18).

Estimating allowances for doubtful accounts

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

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

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at December 31, 2020 and 2019, Management believes that there are no expected credit losses in relation to their receivable - others accordingly, no loss allowance was recognized for the year. Total receivable - others as at December 31, 2020 and 2019 amounted to ₱140,652 and ₱ 167,922, respectively.

NOTE 6 - CASH

This account consists of:

	2020	2019
Cash on hand	**30,000**	30,000
Cash in bank	**47,992,046**	15,341,215
	48,022,046	15,371,215

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

Cash in banks and cash equivalents generally earn interest at the bank's deposit rates. Interest earned from cash in banks amounted to ₱95,937, ₱97,953 and ₱115,966 in 2020, 2019 and 2018, respectively, and is presented as part of "other income" in the statements of comprehensive loss.

Unrealized foreign exchange gain (loss) resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱-0-, (₱179,510) and ₱22,009 in 2020, 2019 and 2018, respectively, and is presented in the statements of comprehensive loss (see Notes 15 and 16).

NOTE 7 - ADVANCES TO CONTRACTORS AND SUPPLIER

This account consists of:

	2020	2019
Advances to contractors[1)]	**46,605,879**	30,955,691
Advances to supplier[2)]	**7,022,271**	3,515,904
	53,628,150	34,471,595

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

NOTE 8 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at December 31, 2020 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Additions	-	908,616	224,192,845	34,885,262	-	-	259,986,723
Disposal	-	-	-	(2,536,875)	-	-	(2,536,875)
At end of year	**28,291,630**	**2,594,493**	**291,678,238**	**90,921,038**	**473,521**	**6,395**	**413,965,315**
Accumulated depreciation:							
At beginning of year	-	597,213	-	-	-	178	597,391
Depreciation	-	420,995	-	-	-	1,953	422,948
At end of year	-	**1,018,208**	-	-	-	**2,131**	**1,020,339**
Net carrying value, December 31, 2020	**28,291,630**	**1,576,285**	**291,678,238**	**90,921,038**	**473,521**	**4,264**	**412,944,976**

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

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,107,976	67,485,393	-	-	-	96,884,999
Additions	-	577,901	-	58,572,651	473,521	6,395	59,630,468
At end of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Accumulated depreciation:							
At beginning of year	-	291,930	-	-	-	-	291,930
Depreciation	-	305,283	-	-	-	178	305,461
At end of year	-	597,213	-	-	-	178	597,391
Net carrying value, December 31, 2019	28,291,630	1,088,664	67,485,393	58,572,651	473,521	6,217	155,918,076

Depreciation on kitchen tools, medical and hospital equipment shall commence when the hospital is in commercial operations.

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, 2020. Advances to related party amounting to ₱163,423,514 (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, 2020 and 2019, 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
	2019	2020	2020
Payment to contractors	899,659,490	**159,339,575**	**1,058,999,065**
Capitalized borrowing cost	54,250,616	**36,964,760**	**91,215,376**
Other related costs	39,333,520	**25,880,106**	**65,213,626**
	993,243,626	**222,184,441**	**1,215,428,067**

During the development of the hospital building, borrowing costs on interest-bearing loans 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-four percent 20/100 (94.20%).

NOTE 10 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2020	2019
Retention payable[1)]	**39,605,125**	31,199,534
Accrued interest payable[2)]	**30,806,165**	4,903,402
Accounts payable – contractors and suppliers[3)]	**24,273,812**	30,344,249
Government liabilities[4)]	**1,226,680**	751,701
Accrued expense[5)]	**750,305**	311,185
	96,662,087	67,510,071

[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 of the project and final acceptance by the Company.

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

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

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

[5)]Accrued expense is 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:

	2020	2019
Current portion:		
Notes payable – construction-in-progress	**13,905,691**	17,970,720
Notes payable – medical equipment	**5,487,559**	-
	19,393,250	17,970,720
Non-current portion:		
Notes payable – construction-in-progress	**616,867,909**	539,741,280
Notes payable – medical equipment	**240,128,921**	199,500,480
	856,996,830	739,241,760
	876,390,080	757,212,480

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 for building financing. 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% - 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 of hospital building amounted to ₱36,964,760, ₱34,355,732 and ₱17,895,862 as at December 31, 2020, 2019 and 2018, 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 ₱13,830,175, ₱11,456,490 and ₱-0- in December 31, 2020, 2019 and 2018, 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 were carried out with related parties as at December 31, 2020 and 2019:

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	**Amount of Transactions 2020**	**Outstanding Balance 2020**	Terms	Conditions
Receivable – others (various ACE hospitals)	-	53,931	53,931	**(6,459)**	**47,472**	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to related party	250,327,056	38,711,983	289,039,039	**(256,975,836)**	**32,063,203**	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
	250,327,056	38,765,914	289,092,970	**(256,982,295)**	**32,110,675**		
Accounts Payable - Endure Medical, Inc.	-	22,032,294	22,032,294	**(19,862,337)**	**2,169,957**	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Advances from shareholders	340,873,908	(79,995,224)	260,878,684	**(260,878,684)**	**-**	Non-interest bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	340,873,908	(57,962,930)	282,910,978	**(280,741,021)**	**2,169,957**		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have 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 (see Note 8).

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 from shareholders

In the special meeting of the Board held last May 7, 2018, the 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.

Key Management Personnel Compensation

Key management compensation amounted to ₱4,690,000 and ₱3,075,000 for the years ended December 31, 2020 and 2019, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

In 2018, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2018 (see Note 16).

NOTE 14 - SHARE CAPITAL

Details of the Company's share capital as at December 31, 2020:

	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	**234,420**	**234,420,000**
Total subscribed share capital	**235,020**	**235,020,000**
Paid-up share capital (net of subscription receivable ₱13,786,000):		
Founder's shares	**600**	**600,000**
Common shares	**234,420**	**220,634,000**
Total paid-up share capital	**235,020**	**221,234,000**

Details of the Company's share capital as at December 31, 2019:

	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	230,550	230,550,000
Total subscribed share capital	231,150	231,150,000
Paid-up share capital (net of subscription receivable ₱63,000,000):		
Founder's shares	600	600,000
Common shares	230,550	167,550,000
Total paid-up share capital	231,150	168,150,000

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).

During the year, pursuant to the SEC's approval, the Company issued an additional **FIFTY THREE THOUSAND EIGHTY-FOUR (53,084)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱426,567,980. The common share offer price amounted to ₱200,000 up to ₱300,000 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 consists of:

	2020	2019	2018
Interest income (Note 6)	**95,937**	97,953	115,966
Gain on sale from scraps	**11,380**	-	-
Unrealized forex gain (Note 6)	**-**	-	22,009
	107,317	97,953	137,975

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of account consists of:

	Notes	2020	2019	2018
Salaries and allowances[1)]	*13*	**10,607,015**	9,990,330	3,486,660
Board meetings and meals	*13*	**9,960,373**	1,815,312	2,359,644
Professional fee and legal fees[2)]		**2,299,496**	5,561,460	6,035,067
Security services		**1,625,740**	1,081,964	-
Taxes and licenses		**1,350,661**	1,775,777	2,560,748
Insurance expense		**777,807**	715,015	181,292
Utilities		**760,656**	528,286	191,902
SSS, PHIC and HDMF Contributions		**516,045**	333,792	268,769
Depreciation	*8*	**422,949**	305,461	135,788
Transportation and travel	*13*	**374,228**	1,025,919	1,123,206
Rental[3)]	*17*	**316,000**	1,725,859	1,004,550
Office supplies		**260,391**	439,014	115,019
Advertising expenses		**249,143**	-	247,183
Unrealized forex loss	*6*	**-**	179,510	-
Miscellaneous		**125,848**	426,800	1,234,322
		29,646,352	25,904,499	18,944,150

[1)]The increase in 2020 and 2019 is due to payment of salaries of directors and officers.

[2)]Material amount of professional fees in 2019 is due to payment for the processing of the secondary licenses of the Company and for enganging a financing officer who shall primarily be responsible in managing the Company's finances, record-keeping, and financial reporting.

[3)]Decrease in rental expense during the year is due to the termination of the office space lease agreement.

NOTE 17 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space and warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Lease agreement includes payment of security deposit amounting to ₱15,000 and ₱225,000 as at December 31, 2020 and 2019, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages.

Total rental expense amounted to ₱265,200, ₱1,725,859 and ₱1,004,550 in 2020, 2019 and 2018, respectively (Note 16).

During the year, the Company has not renewed the lease agreement for the office space since the administration function of the Company has moved to the construction site of the hospital building.

NOTE 18 - INCOME TAX EXPENSE

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

I. Regular Corporate Income tax (RCIT)	**2020**	2019	2018
Net loss before income tax	**(43,369,210)**	(37,263,036)	(18,806,175)
Add (deduct) reconciling items:			
Unrealized forex loss	-	179,510	-
Interest expense arbitrage	**39,574**	40,406	-
Interest income subjected to final tax	**(95,937)**	(97,953)	(115,966)
Unrealized forex gain	-	-	(22,009)
Net operating loss	**(43,425,573)**	(37,141,073)	(18,944,150)
Tax rate	**30%**	30%	30%
RCIT	**NIL**	NIL	NIL

II. Minimum Corporate Income Tax (MCIT)	**2020**
Gross income	**107,317**
Add (deduct) reconciling items:	
Interest income subjected to final tax	**(95,937)**
Gross taxable income	**11,380**
Tax rate	**2%**
MCIT	**228**

As at December 31, 2019 and 2018, the Company did not generate any revenues subject to minimum corporate income tax.

III. Tax Due (RCIT or MCIT whichever is higher)	**2020**
MCIT	**228**
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	**228**

IV. Deferred Tax Asset

As at December 31, 2020, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and icome tax payable, respectively, are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2017	2020	8,607,537	-	(8,607,537)	-	-
2018	2021	18,944,150	-	-	-	18,944,150
2019	2022	37,141,073	-	-	-	37,141,073
		64,692,760	**-**	**(8,607,537)**	**-**	**56,085,223**

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	**2025**	**56,085,223**	**43,425,573**	**-**	**-**	**99,510,796**

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	**2023**	**-**	**228**	**-**	**-**	**228**

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

	2020	2019	2018
NOLCO	**99,510,796**	64,692,760	29,769,686
Tax rate	**30%**	30%	30%
	29,853,239	19,407,828	8,930,906
MCIT	**228**	-	-
	29,853,467		
Valuation allowance (Note 5)	**(29,853,239)**	(19,407,828)	(8,930,906)
Deferred tax asset	**228**	-	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years period that can be charged against income of the next three taxable years.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since Management believes that the Company will not be able to generate future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented as part of "other non-current assets" in the statements of financial position.

NOTE 19 - CREATE ACT

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax rate from 30% to 20% applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's 2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	228	171	(57)
2. Income tax payable	228	171	(57)
3. Interest expense arbitrage	39,574	31,779	(7,795)

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2020	2019	2018
Loss attributable to ordinary shares	**(43,369,210)**	(37,263,036)	(18,806,175)
Divide by: Weighted average number of ordinary shares outstanding	**235,020**	231,150	204,000
Basic loss per share	**(184.53)**	(161.21)	(92.19)

There are no potential dilutive ordinary shares outstanding as at December 31, 2020, 2019 and 2018.

NOTE 21 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

Interest rate risk

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

The Company's financial instruments that are interest-bearing are its cash notes payable (Note 6).

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

<u>Cash</u>

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

<u>Receivable - others</u>

The Company has no significant concentrations of credit risk on receivable - others. The Company's receivable - others are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's receivable - others.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

2020	**1 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and other liabilities*	**95,435,407**	**-**	**95,435,407**
Loans payable to individuals	**30,343,471**	**-**	**30,343,471**
Notes payable	**19,393,250**	**856,996,830**	**876,390,080**
	145,172,128	**856,996,830**	**1,002,168,958**

2019	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	66,758,370	-	66,758,370
Loans payable to individuals	75,250,000	-	75,250,000
Notes payable	17,970,720	739,241,760	757,212,480
Advances from shareholders	-	260,878,684	260,878,684
	159,979,090	1,000,120,444	1,160,995,534

**excluding government liabilities*

NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

	2020		2019	
Financial assets	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Cash	**47,992,046**	**47,992,046**	15,341,215	15,341,215
Receivable - others	**140,652**	**140,652**	167,922	167,922
	48,132,698	**48,132,698**	15,509,137	15,509,137

	2020		2019	
Financial liabilities	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Accounts payable and other liabilities	**95,435,407**	**95,435,407**	66,758,370	66,758,370
Loans payable to individuals	**30,343,471**	**30,343,471**	75,250,000	75,250,000
Notes payable	**876,390,080**	**876,390,080**	757,212,480	757,212,480
Advances from shareholders	**-**	**-**	260,878,684	260,878,684
	1,002,168,958	**1,002,168,958**	1,160,995,534	1,160,995,534

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables – others, accounts payable and other liabilities and loans payable to individuals, their carrying amounts approximate their fair values.

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

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

NOTE 23 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	2020	2019
Total liabilities	**1,003,395,866**	1,160,851,235
Total equity	**764,060,314**	327,777,544
	1.31 : 1	3.54 : 1

The loan agreement provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 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 date, all covenants and requirements are complied with except for the required financial ratios wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 24 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Philippine Government, as a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization's (WHO) call for global response to combat the outbreak, as well as cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Presently, the full impact of the lingering COVID 19 outbreak continues to evolve as of the date of this report and have threatened to impose its negative impact on the financial condition and results of operations, particularly solvency and liquidity, including the industry workforce and the supply chain.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.
However, since the Company has not started commercial operations, Management, therefore, have ascertained that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on its financial standing or status and that no uncertainties yet, related to going concern may be applicable to the Company.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at December 31, 2020, including its comparatives as at 2019 and for the years ended 2019 and 2018, were approved and authorized for issuance by the Board of Directors on April 18, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR) 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the 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 for the year is as follow:

	2020
Documentary stamp tax for loans payable charged to taxes and licenses	**893,832**
Documentary stamp tax for subscription of shares	**118,500**
	1,012,332

Taxes and licenses

Details of the Company's other local and national taxes for the year are as follows:

	2020
Documentary stamp tax	**1,012,332**
Real property tax	**15,119**
Notarial fees	**53,100**
Others	**270,110**
	1,350,661

Withholding Taxes

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

	2020
Expanded withholding taxes	**2,705,155**
Compensation withholding tax	**609,159**
	3,314,314

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, 2020.

RR 19-2020 and RR 34-2020

During the year, 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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BOA License No. 0416 (Up to May 25, 2021)
SEC Accreditation No. 0383 - F (Group B) (Up to September 9, 2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

REPORT ON ADDITIONAL COMPONENTS OF THE FINANCIAL STATEMENTS

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

We have audited the accompanying financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.** as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered the attached report dated April 18, 2021. The supplementary information shown in Appendix A, as additional component required by Rule 68, Part 1, Section 4 of the Revised Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audits of basic financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

For the firm : DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUNIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)
BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)
Tax Identification No.133-451-815
PTR No. MKT8547296
January 14, 2021

April 18, 2021
Makati City
Philippines

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
As of December 31, 2020

Ratio	Formula	December 31, 2020	December 31, 2019
Liquidity Ratios:			
Current Ratio	Current Assets	**134,067,909**	339,242,077
	Current Liabilities	**146,399,036**	160,730,791
		0.92:1	2.11:1
Quick Ratio	Quick Assets	**48,022,046**	15,371,215
	Current Liabilities	**146,399,036**	160,730,791
		0.33:1	0.10:1
Solvency Ratios:			
Debt-to-Equity Ratio	Total Liabilities	**1,003,395,866**	1,160,851,235
	Total Equity	**764,060,314**	327,777,544
		1.31:1	3.54:1
Asset-to-Equity Ratio	Total Assets	**1,767,456,180**	1,488,628,779
	Total Equity	**764,060,314**	327,777,544
		2.31:1	4.54:1
Profitability Ratios:			
Interest Rate Coverage Ratio	Net Income (Loss) Before Interests and Taxes	**(29,539,035)**	(25,806,546)
	Interest Expense	**13,830,175**	11,456,490
		-2.14:1	-2.25:1
Return on Equity	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Total Equity	**764,060,314**	327,777,544
		-5.68%	-11.37%
Return on Assets	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Total Assets	**1,767,456,180**	1,488,628,779
		-2.45%	-2.50%
Net Profit Margin	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Revenues	**-**	-
		N/A	N/A

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
Statement of Accumulated Deficit
As of December 31, 2020

Accumulated Deficit, beginning of the year	**₱**	**(67,272,456)**
Net loss incurred for the year		
Net Loss for the year		**(43,369,210)**
Accumulated Deficit, end of the year	**₱**	**(110,641,666)**

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020

Allied Care Experts (ACE) Medical Center - Iloilo Inc.
2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		**(67,272,456)**
Add: **Net Income (Loss) actually earned/realized during the period**		
Net loss during the period closed to Retained Earnings	(43,369,210)	
Less: **Non-actual/unrealized income net of tax**		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the reatined earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	-	
Add: **Non-actual Losses**		
Depreciation on revalution increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net Income Actually Earned During the Period		**(43,369,210)**
Add (Less):		
Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury Shares	-	
Sub-total		-
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		**(110,641,666)**

SCHEDULES

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

As of December 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Cash	N/A	48,022,046	N/A	95,937
Receivable - others	N/A	140,652	N/A	N/A

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
Advances to related party	289,039,039	-	256,975,836	-	32,063,203	-	32,063,203

Schedule C. Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule D. Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in related statement of financial position
Interest-bearing Notes Payable	876,390,080	19,393,250	856,996,830

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Advances from shareholders	260,878,684	-

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Founder's Share	600	600	-	-	59	-
Common Shares	239,400	220,634	-	-	59	-

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BOA Accreditation No. 0416 (Up to March 19, 2024)
SEC Accreditation No. 0383 – F (Group B) (Up to September 09,2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

OUR FIRM PROFILE

Room 1608, 16/F Cityland Condominium 10 Tower II,
154 H.V. Dela Costa Street, Ayala Avenue North, Salcedo Village, Makati City
Tel No.: 8892-1858, 7621-6587 Telefax No.: 8892-1858 website: www.dimaculangancpas.com

Dimaculangan, Dimaculangan and Company CPAs

Firm Profile

Your trusted confidential financial advisor no less. We provide the financial integrity your financial statements need.

Our commitment is to provide the highest quality of service to all our clients. Excellence, integrity and personalized service are the cornerstone of our practice. The trainings and experiences of our partners and staff are motivated on a common belief grounded on excellent service to clients and the community where we operate on.

At Dimaculangan, Dimaculangan and Company CPAs, you don't just get a dedicated accountant on an assignment basis but rather a committed partner that you can count on.

We do our Engagements with:

- **EXCELLENCE.** We allow you to focus on your core business while we take care of your financial concerns.
  We see to it that we do things right the first time. Our experience and expertise speak volumes about the work that we do and the way we do it. We take the arduous task of streamlining your finances so you can focus on optimizing your services and operations. We help you efficiently manage your cost and maximize profit to keep your business ahead of its game by generating impartial and reliable reports at which business owners can draw up ideas to map out plans for their enterprise.

- **INTEGRITY.** We guide you toward financial growth.
  With an extensive line of services, we see to it that your company's financial processes traverse the right path to success. Hinged on sound accounting practices, we carry the hallmark of always abiding by what is beneficial and moral for all parties concerned and delivering services within the bounds of the Code of Ethics of the profession and the law of the land.

- **PERSONALIZED SERVICE**. We're a small firm with a caring heart.
  Enterprises have trusted us to provide financial services in the most professional manner. We abide by industry standards and our corporate philosophy and values to ensure the excellence of our service and commitment to our clients' financial

progress. We develop solutions that work and become our clients' expert sounding board in meeting the financial challenges of their trade.

Innovative Financial Reporting

Since 1985, Dimaculangan, Dimaculangan and Company CPAs has been expertly providing financial services to its wide client base in the Philippines. Guided by its corporate philosophy, the company is known for building strong relationships with clients and helping them make more strategic business decisions through better knowledge about their financial capacities.

Whether it's a Small and Medium Enterprise (SME) or a Multinational Company (MNC), Dimaculangan, Dimaculangan and Company CPAs provides its clients with relevant insights on how to take their business to greater heights. Its wide array of services has assisted clients in establishing their accounting systems, finding solutions to their challenges and improving their business operations.

As one of the highly acclaimed CPA firms in the country, Dimaculangan, Dimaculangan and Company CPAs has a good record of accomplishments with clients and colleagues. It takes pride in making complicated services understandable to non-accountant business owners. Being a small and medium-sized enterprise (SME) firm itself gives DDCO CPAs a unique and relatable perspective on how its SME clients work. However, it can also cater to MNCs because of its proven track record and years of auditing and accounting experience.

Its principals, Maria Teresita Socorro (Marites) and Alfredo (Fred) Dimaculangan, share a common passion for entrepreneurship that has become the company's thrust in enabling businesses to grow through their services and corporate social responsibility (CSR) initiatives. At DDCO CPAs, you're not just assigned an accountant, you get a dedicated partner.

Core Services

- Audit and Business Advisory
- Financial Advisory
- Tax Services including Tax Planning
- Information Technology
- Corporate Services
- Computer Services
- Business Process Outsourcing
- Seminars on Accounting, Finance, Taxation and other Related Topics
- Strategic Planning and Business Plan Preparation
- Accounting Records Transformation/ Conversion

ABOUT US

History and Corporate Information

History

Alfredo Dimaculangan started the firm in 1984 as a sole proprietorship. His wife Ma.Teresita"Marites" Dimaculangan later joined him, doing audit work on a part-time basis. Marites brought with her three and half years experience in assurance audit and four years in management accounting.

In 1985, the Dimaculangans registered the company under a general professional partnership. With their combined experience and expertise, the couple was confident that their new partnership firm, though small, would take off immediately. They built their network through referrals, friends and previous employers.

In August 1987, Marites left her full-time job to co-manage her husband's business. Her formal presence in the company added a number of clients—those who followed her from her former job—to the new firm.

However, the firm went through the proverbial birth pains and learning curves. Limited quality clients, fast employee turnover rate and low returns on investments were some of the obstacles along the way. Due to these difficulties, Marites took the opportunity to enrol in an entrepreneurship program at the Asian Institute of Management. The lessons she received on entrepreneurship enabled her and Alfredo to revitalize the firm. From a few remaining staff, they hired 15 more. From 20 clients, they acquired 40 more.

Today, Dimaculangan, Dimaculangan and Company (DDCO) CPAs is one of the highly-acclaimed CPA firms in the Philippines. Our record of accomplishments with our clients and our colleagues has backed us up through the years. We pride ourselves in making a complicated service understandable, such that we are able to explain in simple terms what appears to be technical for the non-accountants.

As Dimaculangan, Dimaculangan and Company (DDCO) CPAs approaches almost three decades of accounting excellence, the company continues to invest in quality service, integrity and people. It provides a venue for professional growth through seminars on skills and regulations, and exposure to the spectrum of its financial services. It closely works with every client and is adept not only in auditing but also in legal and tax matters.

DDCO CPAs now works with an average of 30 employees and 200 clients, mostly in the varied industries namely, manufacturing, hospital, condominium, sports clubs, and various nature of busineses. Its employees are trained to deliver beyond the traditional auditors—to accomplish a job order with an added value that would help businesses, especially SMEs, understand the complexities of their financial condition and make more appropriate business decisions.

Corporate Information

Address	:	Unit 1608 Cityland 10 Tower 2 154 H. V. Dela Costa corner Valero Sts. Salcedo Village, Makati City Telephone nos: 8892-1858/ 8813-6410/ 7747-9172 Mobile no. 09454096809
BOA Accrediton	:	No. 0416 Up to May 25, 2021
SEC Accreditation	:	No. 0383-F (Group B) Up to September 09, 2022 Auditing firm for companies classified as Group B,C and D
BIR Accreditation	:	No. 08-0029060-000-2017 March 08, 2017 to March 07, 2020
Partners/Associates/Managers	:	**Ma. Teresita Zuniga-Dimaculangan** *Managing Partner* **Alfredo S. Dimaculangan** *Partner* **Atty. Jimmy B. Santiago** *Operations Director* **Ethel Linggayo** *Senior Supervisor Audit* **Mark Arnold Christopher Nano** *BPO Head* **Charlene Paguergan** *Head, HR, Billing & Collection Manager* **Rosemary de Mesa**

Technical Consultant

Core Philosophy and Values

Vision and Mission

Vision

To be the preferred trusted financial advisor of entrepreneurs, providing objective and reliable data for financial growth

Mission (the FIRM)

To be a profitable and meaningful firm that:

- Fosters continuity in enhancing the investment value of its stakeholders
- Invests in the decision-makers of tomorrow by providing its employees with a lifelong learning environment and adequate needs
- Reasonably provides clients with a variety of financial services that would allow them to concentrate their efforts on core competencies in growing their businesses; and
- Maximize utilization of our God-given skills and talents to benefit the clients, the community and the country as a whole, through corporate social responsibility initiatives.

Corporate Philosophy

To glorify God using the skills and talents He gave us in the performance of our duties as financial advisors to our clients

Core Values (HOPE)

- **Honesty.** We have a strong reputation in providing accurate and reliable reports based on factual data.
- **Objectivity.** Independence and impartiality are prevalent factors in our methods and reports.
- **Professional Competence.** The integrity and reliability of our workforce to meet the needs of our clientele help us become one of the highly-acclaimed CPA firms in the country.
- **Entrepreneurial Acumen.** We simplify complicated and highly technical operations to guide our clientele to business success.

Principals

Ma.Teresita Socorro Zuniga- Dimaculangan "Marites"

Managing Partner

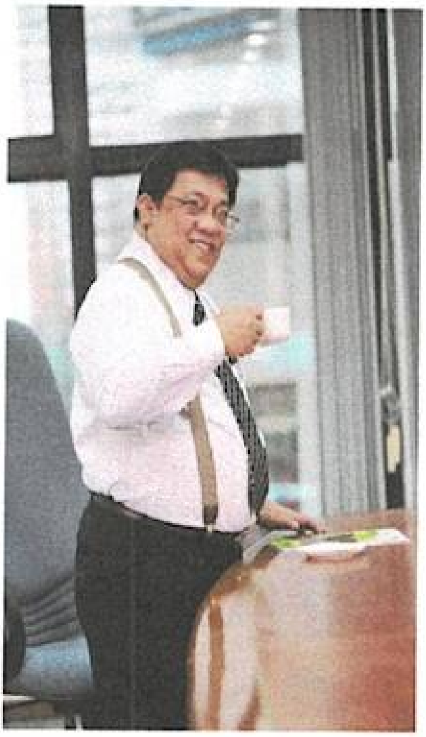
- After graduating from the University of the East, "Marites", as she is fondly called by friends was trained with Carlos J. Valdes and Co. as semi-senior auditor for three and a half years.
- She then became the AVP for Internal Audit at Pilar Development Corporation, where she gained ground on auditing land development companies. This exposure gave her a wide insight of the housing industry, from land conversion to home buyers financing. It gained her the general manager post at Forfom Development Corporation, which she held for eight years. She likewise served as consultant to a number of housing development projects and as SVP for Finance of Imperial Homes.
- Believing that knowledge should be sought at whatever stage of one's professional life, she completed her Master's Degree in Entrepreneurship (ME) at the Asian Institute of Management (AIM) in December 2005. She used to be a lecturer on "Understanding Accounting for SMEs" at the Philippine Trade and Training Center,

"Accounting for Non-Government Organizations" at the Tritium Knowledge, Inc., and presently an "Angelpreneur" mentor of the Go Negosyo Foundation, mentor for the Truly Rich Club of Bro. Bo Sanchez, Lecturer for PTTC-DTI on Business Finance and President of Leadmore Training Center.

- Marites is presently the Treasurer and National Director of the Philippine Institute of CPAs (PICPA), Chairwoman of the PICPA Geographical Area Office (GAO) for Metro-Manila, Treasurer of PICPA Foundation, Vice-President for Operations for Metro

  Manila Regional Council. She was Vice-President of PICPAheld positions in the Metro Manila Regional Council of the Philippine Institute of Certified Public Accountants (PICPA). She was president of the Southern Metro Manila Chapter (PICPA SMMC) for fiscal year 2009-2010.
- She is now National Director and Vice-President for Operations of the Philippine Institute of CPAS for fiscal years July 01, 2019 to June 30, 2021 and July 01, 2019 to June 30, 2020 respectively.
- She is also presently a member Association of CPAs in Public Practice (ACPAPP), Association of CPAs in Commerce and Industry (ACPACI), Financial Executives of the Phil. (FINEX).
- She was a member Assurance and Audit Standard Council (AASC) composed of 15 representatives from different sectors of the CPA profession, having been appointed as one of the three (3) representatives for the Small and Medium CPA Practitioners (SMP) by the Board of Accountancy (BOA) from January, 01, 2015 to December 31, 2017.
- She is one of the core mentors (Angelpreneurs) of the (Department of Trade and Industry (DTI)- Philippine Center for Entrepreneurship (GoNegosyo) "Kapatid Mentor Me Program " (KMMP) and of the Asean Mentors for Entrepreneurship Network (AMEN)
- She was awarded the Registered Business Educator (RBE) no 2018- 008 by the Junior Achievement (JA) Philippines, Inc in April, 2018
- She was conferred an "Outstanding Alumna Award" in September, 2018 by the University of the East, her College Alma Mater

Alfredo Dimaculangan "Fred"
Founding Partner



- Alfredo graduated magna cum laude with a degree in Commerce from San Sebastian College. He then obtained his master's study in Business Administration under the Regis Program of the Ateneo Graduate School of Business.
- He was conferred the "Huwarang Sebastino" by the San Sebastian College- Recolletos in August, 2008
- He served as Vice President for Finance and Controllership at the Urban Planners and Developers. For 14 years, Fred was Director for Finance, Controllership and Admin Group at the Guarantee Fund for Small and Medium Enterprises (GFSME), a subsidiary of Livelihood Corporation. A total of thirty (30) years of service to the Philippines government through the Dept of Trade (DTI) controlled agencies.
- Fred also taught at the De La Salle University.
- Since 2001 up to his retirement a few days ago, he was Vice President for Controllership at Small Business Guarantee and Finance Corp. He also founded the

Caritas Alumni Scholar Association in 1990 where he occupied director and president posts.

- He and Marites are members of the Association of Certified Public Accountants in Public Practice (ACPAPP), where Marites used to be the chair for Professional Development. Fred is a member of the Philippine Association of Management Accountants (PAMA), and Philippine Institute of Certified Public Accountants (PICPA) where he held different positions among them was being a Director for Government.
- He now works full time with Dimaculangan, Dimaculangan and Company, CPAs as a Partner

Our People

When one joins Dimaculangan, Dimaculangan and Co. CPAs, one is not just employed by a company. One becomes part of a family. The high quality of our services springs from our people's skills. With up-to-date training, careful supervision and an array of opportunities, we maintain the gold standard that resonates in each employee.

Everyone is entitled to learn the gamut of services we offer and work on an account from beginning to end. From this we can draw in which service an employee performs best. Knowledge-sharing is also a practice that have kept us engaged and interested in what we do.

We are trained to speak with the client's financial parlance in mind. When you deal with a DDC CPAs accountant, you are assured that at the end of the report, you will have a full understanding of your company's finances. You will also have insights for improvement and thus be more confident in making excellent business decisions. This synergistic culture among our people is the foundation of our clients' continued trust in our services.

We also avail of the expertise and acumen of consultants and directors in the field of accounting, audit, managerial, human resources, tax, and legal practices. Our synergy to liaison with competent consultancies solidify and reinforce a lot to our core competence.

SERVICES

1. Audit and Attest

- Assurance
- Attestations
- Internal
- Forensic (fraud)
- Due Diligence review
- Special Audits (detailed audit and operations audit)

2. Business Process Outsource

- Transactional processing
  - Official receipt insurance
  - Check and journal voucher preparation
- Recordkeeping of transactions
  - Update of backlogs, weekly and monthly
- Preparation of financial statements
  - Monthly
  - Quarterly
  - Semi-annual
  - Annual
- Preparation of bank reconciliation statements
  - Current monthly
  - Update of backlogs
  - Troubleshooting by "Proof-of-cash Method"

- Reconciliation of accounts
  - Receivables
  - Property and equipment
  - Payables
- Payroll outsource preparation
  - Attendance entries
  - Annual year-end summaries

- Transitional bookkeeping assistance
  - Long-term
  - Short-term
- Preparation of year-end schedules for assurance audits
  - Assistance to annual external audit
- Reconstruction of books of accounts from loose files to organized recording to generate financial statements

3. Tax Compliance, Planning and Advisory

- Preparation of mandatory Bureau of Internal Revenue (BIR) returns
  - Monthly and quarterly, including its required attachments
- Strategic tax planning and advisory
- Review of tax compliance
- Tax investigation assistancewith the BIR examiners or Court of Tax Appeals (CTA)
- Secure tax opinions, rulings and obtaining tax exemptions

- Preparation of requirements for BIR examinations

4. Business Advisory

- Financial analysis
- Mergers and acquisitions
- Review of systems and procedures to assess effectiveness of internal controls in place
- Evaluation and assessment of present policies and procedures
- Estate planning
- Review (preparation) of budgets and special management reports
- Feasibility studies
- Family business consulting
- Risk management consulting
- Investment alternative reviews

5. Information and Computer Technology

- Evaluation, preparation and installation of accounting systems and procedures
- Accounting manual preparation
- Computerized accounting system tutorial
  - Peachtree
  - QuickBooks
  - IPAS
- Assistance in the conversion of data from manual to computerized system
- Review of systems implementation and maintenance of the same

6. Corporate Logistics and Legal Support

- Incorporation and setting-up of new business entities
- Registration of new business entities with government agencies concerned
- Assistance in securing annual local business permits
- Comptrollership functions such as appointments as Director and Treasurer of companies
- Para-legal services
  - Preparation of affidavits
  - Certifications
- Secondment of accounting staff to companies with defined responsibilities
  - For specific assignment and period only
- PEZA registration and reporting

7. Seminars on accounting, taxation, finance and other related topics

Clients We Serve

We served and continue to serve clients in the following industries:

1. Advertising firms
2. Barge/tanker operators
3. Call centers (both incorporated locally or branch offices)
4. Consulting firms
5. Convenience stores
6. Distributors
7. Foundations (religious, professional and NGOs)
8. Hair Salons
9. Homeowners/condominium associations
10. Hospitals
11. Indemnity facilitator
12. Manufacturers
13. Multilevel distributors
14. Pawnshops
15. Recruitment agencies (local and foreign placements)
16. Real estate developer/broker
17. Restaurants
18. Schools
19. Security agencies
20. Supermarkets
21. Trading companies (local and foreign; straight and indent)
22. Transit business
23. Water distribution companies
24. Vendo Machine
25. Other small and medium companies

Business Solutions

To make your life easier and less complicated, we do our work diligently. Accounting softwares and solutions help us deliver results of the highest quality. At Dimaculangan, Dimaculangan and Co. CPAs, we work with:

- Payroll Pro
- QuickBooks
- Peach Tree
- Xero Accounting System – presently using for our BPO services
- BIR Relief Data Entry System

BOA Accreditation No. 0416 (Up to March 19, 2024)
SEC Accreditation No. 0383 – F (Group B) (Up to September 09,2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

Engagement Proposal for

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

Assurance Audit for the year ended December 31, 2021

Room 1608, 16/F Cityland Condominium 10 Tower II,
154 H.V. Dela Costa Street, Ayala Avenue North, Salcedo Village, Makati City
Tel No.: 8892-1858, 7621-6587 Telefax No.: 8892-1858 website: www.dimaculangancpas.com

July 13, 2021

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

Attention: **Dr. Ferjenel G. Biron**
President

Gentlemen:

We are pleased to submit our proposal to undertake an audit of the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.** (the "Company") for the year ending December 31, 2021. This letter sets forth our understanding of the terms and objectives of our engagement, the nature and scope of the services we will provide, and the related fee arrangements.

Scope of Work

The scope of our financial audit will essentially include the following:

1. Submission of the audited financial statements of the Company for the year ending December 31, 2021.
2. Review of the accounting and financial matters as to whether the financial statements reasonably comply with applicable financial reporting standards.
3. Understanding internal control systems and procedures relative to the financial audit.
4. Substantiation on a test basis the processing and recording of the Company's transactions.
5. Be available for consultation with the Company's officers and management on matters relative to the finalization of financial audit.

We will perform this engagement subject to the terms and conditions set forth herein.

Audit of Financial Statements

Our audit of the Company's financial statements for the years ending December 31, 2021 will be conducted in accordance with Philippine Standards on Auditing (PSA).

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. However, because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with PSA is designed to obtain reasonable, rather than absolute assurance, that the financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the financial statements.

An audit includes a general evaluation of crucial internal control systems and procedures sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The objective of our audit is the expression of an opinion on the fairness of the presentation of the Company's financial statements in conformity with applicable financial reporting standards, in all material respects. Our ability to express an opinion, and the wording of our opinion, will, of course, be dependent on the results of the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit due to incomplete submission of important documents (i.e. Bank Reconciliation Statements of Major Bank Accounts or Board Resolutions, etc.) or are unable to form or have not formed an opinion due to differences in opinion on particular accounting standards, we may decline to express an opinion or decline to issue a report as a result of this engagement. However, if we are unable to complete our audit or if our auditors' report requires modification (to either render a qualified or adverse audit opinion), the reasons thereof will be discussed with the Company's management.

Your Management's Responsibility

The financial statements is the prime responsibility of your management. In this regard, your management is solely responsible for establishing and maintaining effective internal control over financial reporting, identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, properly recording transactions in the accounting records, making appropriate accounting estimates, safeguarding assets, including the overall accuracy of the financial statements and their conformity with applicable financial reporting standards, and above all, making all financial records and related information for our examination, under the principle of full disclosure.

We will make specific inquiries from your management about the representations reflected in the financial statements. As part of our audit procedures, we will request that your management provide us with a representation letter acknowledging management's responsibility for the preparation of the financial statements and confirming certain representations made to us by your accounting representatives during our audit. The responses to those inquiries and related written representations of your management required by PSA are part of the evidential matter that we will rely on as auditors in forming our opinion on the Company's financial statements.

Because of the importance of your management's representations, the Company agrees to release and indemnify our Firm, Dimaculangan, Dimaculangan and Company, CPAs, and its personnel from all claims, liabilities and expenses relating to our services under this engagement letter attributable to any misrepresentation by your management.

Other Communications Arising from the Audit

1. Report directly to the Company's management and the Board of Directors matters coming to our attention during the course of our audit that we believe are reportable conditions. Reportable conditions are significant deficiencies in the design or operation of internal control that could adversely affect the Company's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements;

2. Inform the appropriate level of management of the Company and ensure that the Company's management is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal act is clearly inconsequential; and

3. Report directly to the Company's management any fraud of which we become aware of that involves senior management and any fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements. We will report to senior management any fraud perpetrated by lower level employees of which we become aware of that does not cause a material misstatement of the financial statements; however, we will not report such matters directly to the Board of Directors, unless otherwise directed by the Board of Directors.

4. In addition, we shall also communicate to the Board of Directors other matters related to the conduct of our audit, including, but not limited to, the following:

   - Our responsibility as auditors under PSA
   - Significant accounting policies
   - Management judgments and accounting estimates
   - Significant audit adjustments (recorded and unrecorded)
   - Other information in documents containing audited financial statements
   - Disagreements with management (if any)
   - Consultation by management with other accountants on significant matters
   - Difficulties encountered in performing the audit
   - Major issues discussed with management prior to our retention as auditors.

5. We may also have other comments for management on matters we have observed and possible ways to improve the efficiency of the Company's operations or other recommendations concerning accounting and certain internal controls. With respect to these other communications, it is our practice to discuss all comments, if appropriate, with the level of management responsible for these matters, prior to their communication to senior management.

Timing and Coordination of the Audit

Our audit will be scheduled upon confirmation of the acceptance of the engagement.

Our engagement requires that you will provide us:

a) Assistance from your personnel to include the preparation of schedules, reconciliation statements and analyses of accounts, as listed in a separate letter to be sent to you after the acceptance of this proposal. Timely submission of audit requirements will facilitate the completion of our audit.

   Should there be change, amendments or revisions to the previously submitted audit requirements (like trial balance and, or analyses, breakdowns/schedules, etc.), which would entail additional man-hours and efforts, - you unconditionally agree to allow us to charge additional fees, over and above our agreed rate below.

b) Submission of other documents which we will require in the course of the audit should also be submitted to us within the duration of the audit and not after completion (neither should the requirements be submitted a few days before the last day of fieldwork).

c) In the event that we will be required to prepare ourselves the schedules we would require, we will discuss the same with you and get your approval of its cost consequence.

d) Reasonable working area during the course of the audit fieldwork.

e) Time to answer inquiries and discuss transactions to validate the figures in the financial statements.

Professional Fees and Out-of-Pocket Expenses for Financial Audit

Professional Fees

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses (e.g., transportation, supplies, and communications). We estimate that our total fees for this audit will be **TWO HUNDRED TWENTY THOUSAND PESOS (₱220,000.00)** plus **VAT of 12%** amounting to **TWENTY-SIX THOUSAND FOUR HUNDRED PESOS (₱26,400.00)** payable as follows:

Schedule of Payments	Contract Price	VAT	Total
Upon Acceptance (Upon Signing of the Contract)	60,000.00	7,200.00	**67,200.00**
Upon start of audit	40,000.00	4,800.00	**44,800.00**
First Progress billing- in progress billing	30,000.00	3,600.00	**33,600.00**
Second Progress billing- in progress billing	30,000.00	3,600.00	**33,600.00**
Upon submission of audit report and opinion	40,000.00	4,800.00	**44,800.00**
Total Contract Price	**200,000.00**	**24,000.00**	**224,000.00**

The foregoing fee is based on our estimated man-hours to complete our fieldwork and finalize the financial statements (but only upon receipt of our audit requirements).

We will notify you immediately of any circumstances we encounter that could significantly affect our estimate.

Out-of-Pocket Expenses

Reimbursement for out-of-pocket expenses not exceeding 10% of the total audit billing such as cost of printing, postage, transportation, overtime meals and communication will be for your account and will be billed upon completion of audit. On our part, we shall endeavor to keep out-of-pocket expenses to a minimum.

Out of Town Audit Expenses

In the event of audit fieldwork outside Metro Manila, the client is to shoulder the transportation (e.g. airfare), lodging, meals and all other necessary costs of out-of-town audit fieldwork which will be paid in advance by the client.

Additional Time Spent

Should there be excess man-hours in the course of our audit, the same shall be communicated to you and will be billed separately.

Other Matters

Other Services

Should there be other services which may be required of us outside the scope of work, the same shall be billed to you separately under terms and conditions mutually agreed upon by us.

Early Termination of Contract

Should you decide to terminate our services before the completion of the engagement for whatever cause, we will bill you the amount of time spent on the engagement based on our prevailing hourly rate.

Hiring of Our Personnel

During the effectivity of this engagement, you shall not offer employment to our assigned staff members during and within one year after the completion of the engagement.

Tax Services

Tax consultancy services (tax advice – verbal, e-mail or in writing), tax study, tax compliance and other tax related work shall be performed upon your request in a separate fee arrangement.

BOA Accreditation No. 0416 (Up to March 19, 2024)
SEC Accreditation No. 0383 – F (Group B) (Up to September 09,2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

Audit Requirements

We expect submission of all audit requirements not later than **February 04, 2022** and audit starts after submission of complete documents.

If the above terms are acceptable to the Company and the services outlined are in accordance with your understanding, please sign a copy of this letter in the space provided and return it to us.

We appreciate the opportunity to be of service to the Company.

Yours truly,

DIMACULANGAN, DIMACULANGAN AND COMPANY, CPAs

By:

Ma. Teresita Z. Dimaculangan

MARIA TERESITA ZUÑIGA-DIMACULANGAN
Managing Partner

Accepted and agreed to by:

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

By	:	______________________
Position	:	______________________
Date	:	______________________

Room 1608, 16/F Cityland Condominium 10 Tower II,
154 H.V. Dela Costa Street, Ayala Avenue North, Salcedo Village, Makati City
Tel No.: 8892-1858, 7621-6587 Telefax No.: 8892-1858 website: www.dimaculangancpas.com

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Contact Nos. (033) 3215748 / 0929703169 / 09452331438
Email: acemciloilo@yahoo.com

ANNEX "F"

Minutes of the 2020 Annual Stockholders' Meeting
October 29, 2020, Thursday 9:00 am
Cor. Peso- Dollar St., Bankers Village,
Tabuc Suba, Jaro, Iloilo City
Meeting via Remote Communication

2020 REGULAR MEETING OF STOCKHOLDERS

During the 2020 Annual Stockholders Meeting held on 29 October 2020, the following stockholders participated via remote communication and/or voted in absentia or through the appointment of Chairman as Proxy:

	No. Of Outstanding and Voting Shares	Percentage of Total
Shareholders Present:	**197,940 Shares**	**84.23%**

ABAD, ALBEN
ABDALLAH, RHODA MAE
ABECIA, GREG
ABONADO, FLORENOR
ACOSTA, GEMMA
ADAYON, IRMA
ADRIAS, AVA MARI
AGUANA, EMILYN
AGUILAR, ANNA MARIA
AGUILAR, GILSON
AGUILAR, ROMEO
AGUILAR, SUSAN
AGUIRRE, RICHIE
ALABADO, LIZA GRACE
ALCAZAREN, MARIGOLD
ALEMON, MARILYN
ALFABETO, ROBERTO
ALFUENTE, PAULINE GRACE
ALIANZA, JENY ROSE
ALIANZA, MARK
ALIPAO, JASON
ALIPAO, REINA PAZ
ALMORFE, MARY JOY
ALONDAY, GODFREY JR.
ALVAREZ, GILDA
AMACIO, GAUDENCIO
AMBOS, GLORINES
ANDIGAN, DENNIS
ANERDIS, ROSELLE
ANIMAS, JERELYN
ANIMAS, LIEZEL
ANSINO, JANNETTE
ANTENOR-CRUZ, REGINA
ANTIQUIERA, JONA MAE
AQUINO, SUSAN
ARAGONA, ROLANDO
ARELLANO, ELVIRA
ARMENTIA, CLEMENTE
ARMONIO, EMELYN
ARROYO, CAROLINE

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Contact Nos. (033) 3215748 / 0929703169 / 09452331438
Email: acemciloilo@yahoo.com

ARROYO, CHARMIE
ARROYO, SCYLLA BELLE
ATANOSO, LEAN HOPE
AUSAN, MARIA ANA
AVELINO, ROSINE
AZARCON, KHRISTINE
BACERO, BERNADETTE J.
BACHOCO, MICHELLE
BACLAY, JENEL
BACTUNG, MARIO
BAES, GLANEE
BAGUIO, PERLA
BAGUIO, WALFREDO
BAJON, JETHRO MARK
BALANO, EDGAR
BALANO, NENITA
BALANO, RIOLYN
BALANO, STEPHANIE NELINA
BALIGALA, AMY
BARIA, SHEILA
BARRAMEDA, ROMULO S.
BARVILLA, JULIUS
BASILIANO, REBECCA
BATERNA, MA. CYNTHIA
BAUTISTA, JENNIFER
BAUTISTA, JULIE ANDREA
BAUTISTA, RAE JESTRYL
BAYLEN, MA. GINA F.
BAYLEN, RAMON JR.
BAYLON, EVELYN
BAYLOSIS, MARILYN
BELARGA, ALONA
BELO, ALAN GREG
BELORIA, AILENE JOAN
BENECIO, AIRIS BELLE
BENOSA, GLISERIO
BERAME, MARY LIZ
BERNALDEZ, MA. NEMIA
BERNASOL, ELLEN MAY, B.
BETITA, EARL PATRICK
BILLONES, FELIZ ABIGAIL
BILLONES, MA. LORRAINE
BIRON, FERJENEL G.
BLANCAFLOR, JAY ANN MARIE
BOLIVAR, EILEEN
BOLIVAR, ROEL
BONALES, MARICON
BONALES, ROGELIO
BORRA, MA. DOVIE LALLAINE
BRILLANTES, AL JOHN
BRODIT, RONI PHILIP
BUCANE, MARIA VICTORIA
BUENAVISTA, JANET
BUENSUCESO, JAY
CABALFIN, DOMINADOR JR.
CABALUNA, EPIFANIA
CABALUNA, REUBEN
CABALUNA, SHEILA MAE
CABANGISAN, PATERNO
CADETE, EVA
CADORNIGARA, MARVIN
CADUDU-AN, FE
CAIPANG, CHRISTINA JOY ROSETTI
CALAR, SALVADOR
CALUYO LYNNETH D.
CALUYO, CHRISTILLE LINDY JOYCE
CALUYO, LYNNETH
CAMALLAN, JANICE
CAMARINO, SARAH JANE
CAMIQUE, KATHERINE
CAMOT, ZADEL ISADORA
CAPADOSA, PHILLIP BERNARD
CARLOS, FERNANDO
CAPILEÑO, SIMPLICIO
CAPUNDO, LORNA JOYCE
CARANCIO, IVY D.
CARDONA, GENEVIEVE
CASIANO, PATRICIA
CASTAÑEDA, MA. THERESA
CASTELLANO, SOCORRO

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
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Contact Nos. (033) 3215748 / 0929703169 / 09452331438
Email: acemciloilo@yahoo.com

CASTILLA, JIGGER
CASTILLO, BALTZ VICTOR
CASTRO, JENNIFER
CATILO, RODNEY
CATOLICO, MA. THERESA
CAUSING, JULIO
CAUSING, JUN JUN JR.
CAUSING, MARY JOCELYN
CELAJES, LINO
CELENDRO, ANNE LIZZETTE
CERBO, SHEILA MARIE
CERDANA, HERMA GRACE
CERNA-LOPEZ, GEANIE A.
CHAN, EMINA JACQUELINE
CHANG, PHEBE
CHAVEZ, BERNESSHA GAY
CHAVEZ, BERNESSHA GAY
CHIU, JUDSON
CLAR, CYNTHIA MAY
CLAR, CYNTHIA MAY
COMUELO, JERUSHA A.
CONADERA, FEDERICO JR.
CONCEPCION, FELY AGANA
CONCEPCION, GABRIEL BUGANTE
CONSTANTINO, LILIBETH
CONTRERAS, ROSARIO CLARABEL
CONVOCAR, MARILYN
CORDERO, MARK JOSEPH
CORONA, ENIEDA
CORONA, ENIEDA
CRISTOBAL, CLARA AMAR
CRUZ, MAITA C.
CUADRA, EMILIA
CUBAR, JOSE EDGEL
CUBAR, JOSE EDGEL
CUNADA, MARIA FLORENCIA
CUSTODIO, GRACE LAARNI
D`CUNHA, CECILIA
DADIOS, LIONEL
DADIOS, LIONEL
DAGBUSAN, KHALIDAH
DAGBUSAN, KHALIDAH
DALA, DENNIS
DALA, LAARNI ROSE
DAQUITA, MA. SONNETTE
DASMARIÑAS, ANGELITO
DAULO, GLORIA
DAULO, SYLVA L.
DE CASTRO, ARNEL
DE LA CRUZ, JOSE
DE LA GENTE, MA. JULIE CHRISTI
DE LA PEÑA, MERRIELLE
DE LA SERNA, MELVIN
DE LEON, RHODORA
DE LEON, ROBERTO
DE LOS REYES, GIOVANNI
DE PILI, MA. SYLVIA THERESA
DEBUQUE, MA. TERESA F.
DEL ROSARIO, LOUISE CECILLE
DELA CRUZ, PETER BRYAN
DELA ROSA, ESMERALDA
DEOCAMPO, JACQUELINE
DEPALAC, JONAS
DEPITA, PIA ANGELA
DEPITA, PIA ANGELI
DESLATE, NATALIE MARIE
DESLATE, NATALIE MARIE R.
DEZA, MA. JOANNA
DIANCO, FELIBERT O.
DICHOSON, DOVY
DIGNADICE, GERLIE
DIGNADICE, MICHELLE
DOLAR-FAINA, DOREEN
DOMINGO, CARMELO O.
DOMINGO, JOAN
DUMADAUG III, FELIMON
DUMADAUG, ANITA
ENRIQUEZ, AMADO MANUEL C. JR.
ENRIQUEZ, MARILYN
ENRIQUEZ, MICHAEL EDWARD R.

TONGO, CESAR
TORILLO, EDEN JUNE
TORILLO, EDEN JUNE
TORRES, NESTOR
TORRETA, JOAN
TRAGICO, GIFT
TRAIFALGAR, QUEENCIE
TRIBUNAL, JEVILEEN KATE
TROJILLO, J-ANNETTE
TROJILLO, NHURULAJI
TUPAS, STAMEN
URBAN, MA. FLOELYN
UY, FELIZA
VACANTE, CHERYL
VACANTE, CHERYL
VALENZUELA, SALVE
VILLAFLOR, AGNES JEAN M.
VILLANUEVA, SHELLA MARCELA
VILLAREAL, CLYDE
YAP, CHLOE BELLE
YAP, JERRY
YAP, JESSICA
ZOZOBRADO, EVANGELINE

Directors Present:

Ferjenel G. Biron	Chairman of the Board
Fredilyn G. Samoro	Vice Chairman
Amado M. Lavalle Jr.	Executive Vice President
Agnes Jean M. Villaflor	Corporate Treasurer
Marietta Samoy	Asst. Treasurer
Meride D. Lavilla	Asst. Secretary
Geannie Cerna-Lopez	Director
Lemuel T. Fernandez	Director
Ike T. Minerva	Director
Danilo C. Regozo	Director
Engr. Generoso Orillaza	Director
Felibert Dianco	Independent Director
Ronald Ramiro	Independent Director

Officers Present:

Maylene B. Villanueva	Corporate Secretary and Compliance Officer
Elmer Samoro	Chief Finance Officer

Invited Guest:

Ma. Teresita Z. Dimaculangan. – Dimaculangan and Dimaculangan Cos.

I. Call to Order

After the invocation led by Dr. Agnes Villaflor and the National Anthem played on the record, Dr. Ferjenel Biron called the meeting to order at 9:30 am. He welcomed the stockholders, members of the Board, other officers and representatives of the External Auditor of the Company. He stated at the outset that "the Corporation" is holding the meeting in virtual format, for the first time in its history, because of the current health crisis. He then welcomed the stockholders, who have joined the webinar and thanked the shareholders who were participating in the meeting via remote communication and through the voting in absentia system or their appointment of the Chairman as proxy. The Chairman introduced the directors and officers who joined in the meeting through the Zoom webinar: Dr. Fredilyn Samoro (Vice Chairman), Dr. Amado Lavalle (Executive Vice President), Atty. Maylene Villanueva (Corporate Secretary and Compliance Officer), Dr. Agnes Villaflor (Corporate Treasurer),

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Mr. Elmer Samoro (Chief Finance Officer), Dr. Meride Lavilla, (Assistant Corporate Secretary), Dr. Marietta Samoy (Assistant Corporate Treasurer), and the other members of the Board, Dr, Geanie Cerna, Dr. Ike Minerva, Dr, Danilo Regozo, Engr Generoso Orillaza, Mr. Lemuel Fernandez and the representatives of Dimaculangan and Dimaculangan Company CPAs (external auditor).

II. Notice of Meeting

The Corporate Secretary, Atty. Maylene B. Villanueva, certified that the Notice of Meeting and Definitive Information Statement were sent on October 8-9, 2020 to all stockholders of record as of October 9, 2020 in three ways: first by email to all stockholders who have provided the Company their email addresses, second, by posting in the corporation's website and third by publication in Manila Times and Manila Standard which are newspapers of general circulation, on October 5 2020 and October 6 2020 respectively. Accordingly, the stockholders have been duly notified of the meeting according to the applicable rules including the Internal Guidelines on Participation in Stockholders' Meeting by Remote Communication and Voting in Absentia under the Extraordinary Circumstances which are embodied in the Company's Definitive Information Statement that the Securities and Exchange Commission approved.

III. Certification of Quorum

The Secretary certified that there was a quorum for the meeting with stockholders holding One Hundred Sixty One Thousand (161,000) shares representing sixty eight and 50/100 percent (68.5%) percent of the outstanding shares present via remote communication and voted in absentia.[1]

IV. Rules of Conduct and Voting Procedure

[1] The mode of attendance of the stockholders deemed present and their respective percentages of the outstanding shares including the proxy votes at the end of the meeting are set forth below:

Mode of Attendance	% of Total Outstanding Shares
Appointment of Chairman as Proxy	16.04%
Voting in Absentia	4.74%
Remote Communication	63.45%

The Chairman noted that although the Corporation is holding the meeting in a virtual format because of government regulations that prevent the holding of in-person meetings, the Company strived to provide the stockholders the opportunity to participate in this meeting to the same extent possible as in an in-person meeting.

The Corporate Secretary then explained that the Rules of Conduct and Voting Procedures are set forth in the Definitive Information Statement and Explanation of Agenda Items which forms part of the Notice of the Annual Stockholders' Meeting. She highlighted the following points:

1. Stockholders who registered online or who notified the company via email to acemciloilo.corpsec@gmail.com of their intention to participate in this meeting via remote communication may send their questions and comment to the same email address.

2. Questions or comments received before 9:00 am will be read aloud and addressed during the Q&A period which will take place after the Presentation of the Annual Report under Item 6 in the Agenda. Management will reply to questions and comments not taken up during the meeting by email.

3. There are fifteen (15) resolutions proposed for adoption by the stockholders each of which will be flashed on the screen as the same is being taken up.

4. Stockholders could cast their votes on the proposed resolutions and in the Election of Directors for 2020 beginning 27 October 2020 through the Online Voting Portal, the polls shall remain open until the end of the meeting for stockholders who had successfully registered to cast their votes electronically in the Online Voting Portal.

5. The initial votes have been tabulated after the end of the Proxy validation process at 12:00 midnight of 28 October 2020. These votes are from stockholders owning One Hundred Sixty One Thousand (161,000) voting shares representing One Hundred Percent (100 %) of shares present in the meeting and Sixty Eight point five (68.5%) of the total outstanding voting shares of 235,000 shares which preliminary tabulation will be referred when reporting the voting results during the meeting. However, the results of the final tabulation of votes with full details of affirmative and negative votes as well as abstentions will be reflected in the Minutes of the meeting.

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V. Approval of the Minutes of the Regular Stockholders' Meeting held on 16 May 2019

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 16 May 2020. An electronic copy of the Minutes was posted on the website of the Corporation.

The Corporate Secretary presented ASM Resolution No. 2020-01, as proposed by Management and based on the preliminary votes received, reported the approval of the following resolution presented on the screen:

ASM Resolution No. 2020- 01

RESOLVED, as it is hereby RESOLVED that the Minutes of the 2019 Annual Stockholders Meeting held on 16 May 2019 be approved;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the adoption of ASM Resolution No. 2020-01 providing for the approval of the minutes of the previous meeting are as follows:

Mode of Attendance	For	Against	Abstain
Number of Shares Voted	195,930	10	230
% of Shares of Shareholders Present	99.88%	0.01%	0.12%

VI. Annual Report

Message from the Chairman

The Chairman said that the Annual Stockholders Meeting serves as a bridge connecting the stockholders to the operations of the hospital. The pandemic may have paused the world, but it has taught a great many things. A webinar is being held instead of a face-to-face meeting. Everyone learned to wear masks. Everyone learned to wash hands for 20 seconds to protect themselves. Doctors, however, have always washed their hands for longer, even before the pandemic. This is because when they wash their hands, it is not to protect themselves. It is to protect other people as doctors care for them.

To get the best medical treatment in the country, most Ilonggos had to go to Manila. That had been the mindset ingrained among Ilonggos from a lifetime of seeing a void for quality health care in Iloilo.

Several years back, it was impossible to imagine that progress and development would reach the corners of the city and province of Iloilo. Like other island provinces in the country, it is always being discriminated and sidelined in favor of Manila. The economic revolution was distant and opportunities for wealth were scarce for most average- income Ilonggos. The Chairman admitted that his opportunity for economic success was made possible when he decided to try his luck in Manila and established his small business in 1993. What made it fulfilling was the opportunity to save millions of Filipino lives by providing the most affordable, WHO Good Manufacturing Practice conforming life-saving drugs.

His transformed life allowed him to visit places abroad that broadened his perspective and allowed him to dream bigger dreams. Relevant to his medical and pharma businesses, those visits include medical centers, treatment and diagnostic facilities and manufacturing plants in Europe, United States, Central and South America, Japan, Middle East, China and Southeast Asia. These countries host modern and state of the art hospitals and medical centers. These visits and experiences became an inspiration and a VISION that one day, he shall build the most beautiful, advance and state of the art hospital in Iloilo City.

That VISION became a personal conviction which found an anchor when he was introduced by Mr. Noel Gonzales to Dr. Amado C. Enriquez of the ACE Group of Hospitals.

Together with Dr. Enriquez, Mr. Gonzales and twenty-one (21) medical experts from Manila and the twenty two (22) brave souls from Iloilo comprising of distinguished medical practitioners and legal, human resource and public relations experts, they took on the task of building a hospital and medical center that all can all be proud of--- that is now the ASIA PACIFIC MEDICAL CENTER-ILOILO, INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS MEDICAL CENTER - ILOILO, INC.,) OUR HOSPITAL.

The company is not only as a multi-disciplinary hospital and treatment center but a place for HEALING for the body, the mind, and the soul.

The company has become one of the iconic structures built in Iloilo City. It is a Nine – Storey medical center equipped with a helipad and a basement parking strategically located in Ungka 1, Jaro, Iloilo City. The 245 beds tertiary hospital provides private rooms, semi- private rooms, Suites and Seven Presidential Suites with an exclusive Presidential lounge. It features among others, Ten exceptionally Modern Operating Theaters, Intensive Care and Cardiac Care Units, Covid Dedicated Rooms equipped with Negative Pressure Ventilation. New and High-end Radiology equipment includes, 1.5 Tesla MRI, 128 - slice CT Scan, Digital Mammogram, Digital and Floor mounted X-Rays and Digital Mobile X-rays. It is one of the biggest private medical centers in Iloilo City with a floor area of Twenty Eight Thousand Five Hundred (28.500) Square meters.

PATIENTS' SAFETY is the cornerstone of its operations. The company will work on being the first JOINT COMMISSION INTERNATIONAL or JCI accredited medical center in Iloilo City and the region. Being a JCI medical center provides a gold standard for patient's safety, A Seal of Excellence that is at par with the best medical centers in the world. JCI accreditation offers Expatriates and Foreign Patients an exclusive opportunity to use their International HMOs at the company. This will bring the region in the forefront of medical tourism and boost local economy.

Initial Public Offer

The Company want Ilonggos to be part of the legacy of building a hospital. The Securities and Exchange Commission had authorized the company to issue 36,000 shares as Initial Public Offering to fund the project. The first series of shares at Two Hundred Fifty Thousand (PhP 250,000) shares per block of ten (10) shares had been sold as well the second series of shares sold at Three Hundred Thousand (PhP 300,000.00). The Company is currently selling the third series of shares at Four Hundred Thousand Pesos (PhP 400,000.00). The percentage of public ownership of the Company as of 8 October 2020 is 13.19%.

To those who are interested to buy more shares, 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. The company have five (500) blocks left and inquiries may be made at the Investor Relations Office for installment options.

Update on Construction

The Chairman reported that as of October 23, 2020, Project Over-all work progress is at 93.21%. The Hospital Building will be completed by the first quarter of 2021 but target opening will be on the first half of the year.

Plan of Operation

The Chairman reported that the company has no revenue in the past three fiscal years because it is still in the construction phase. Set to operate as a hospital in the first half of year 2021, the company in the interim rely on the loan facility granted by Landbank of the Philippines and sales of securities from its public offering to complete the hospital construction phase.

Significant hospital equipment yet to be purchased are the Diagnostic and Laboratory Machines, Dialysis machines and ambulance amounting to Eighty Eight Million Sixty Four Thousand Eight Hundred twelve Pesos (Php 88,064,812.00).

The hospital operating in full capacity shall employ six hundred ninety four (694) employees in a graduated manner as it commences its operation in the first half of 2021. The Chairman hopes that the jobs the hospital will generate will help boost economic recovery from the crisis brought by the pandemic.

Management Discussion and Analysis

The Chairman discussed that comparing the periods reflected in the Slides presented, the results of operations of the company year after year is negative. The company has been reporting a deficit since 2017 because of the administrative and general expenses incurred. It must also be noted the hospital is still under construction, thus, no operating revenues have been generated.

The net income loss from December 2017 has increased from Eight Million Two Hundred Forty Four Thousand Two Hundred Thirty Nine Pesos (Php 8,244.239) to Eighteen Million Eight Hundred Six Thousand One Hundred Seventy Five Pesos (Php 18, 806,175) in December 2018. This further ballooned to Thirty Seven Million Two Hundred Sixty Three Thousand Thirty Six Pesos (Php 37,263,036) in December 2019.

Being a corporation vested with public interest, The company endeavors to strictly deliver the best health care that is anchored on SAFETY, QUALITY AND ACCOUNTABILITY. The company, will truly be the TOP OF MIND Medical Center in Iloilo City and Western Visayas.

The Chairman said that building the DREAM HOSPITAL will not be possible without the Investors. He thanked them for trusting the Company to deliver the project. He also thanked them for his patience.

Thereafter, Chairman quoted Admiral McRaven, a multi-awarded Navy Seal General who led the invasion against Saddam Hussein and Osama Bin laden. He said," TO HEAL THE WORLD, YOU MUST HAVE COMPASSION, YOU MUST ACHE FOR THE ACHE OF THE POOR AND DISENFRANCHISED. YOU MUST FEAR FOR THE VULNERABLE. YOU MUST WEEP FOR THE ILL AND INFIRMED. YOU MUST PRAY FOR THOSE WHO ARE WITHOUT HOPE, YOU MUST BE KIND TO THE LESS FORTUNATE.

In closing, the Chairman said that in this most difficult and trying times of pandemic, ASIA PACIFIC MEDICAL CENTER-ILOILO, INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC. will be the compassionate refuge of the stockholders. The Chairman finally thanked everyone for attending the 2020 ANNUAL STOCKHOLDERS MEETING and said he looks forward to seeing everyone in next year's ASM.

An Audio Visual Presentation followed the Chairman's message.

Upon the request of the Chairman, the Secretary presented the following Resolution No. ASM Resolution No. 2020- 02 (which was shown on the screen), which had been proposed by management, and reported the stockholders' approval of the same in accordance with the preliminary voting results:

ASM Resolution No. 2020- 02

RESOLVED, as it is hereby RESOLVED that the 2020 APMCI Annual Report which consists of the Chairman's Message , the Audio Visual Presentation, Management Report be noted;

RESOLVED FURTHER that the Audited Financial Statement as of December 31 2019 as audited by External Auditor, Dimaculangan & Dimaculangan Company CPA's be approved;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the noting of the annual report and the approval of the 2019 Audited Financial Statement of the Corporation together with the approval of ASM Resolution No. 2020-02 are as follows:

	For	Against	Abstain
Number of Shares Voted	195,960	0	210
% of Shares of Shareholders Present	99.89%	0	0.11%

VII. Open Forum

The Chairman informed all the attendees that the Board and Management can already entertain questions from the stockholders. He acknowledged Dr. Ike Minerva to read aloud the questions and comments together with the names of the stockholders who sent them. He also reinforced the statement of the Corporate Secretary that questions that were emailed but were not taken up during the forum will be addressed via email.

Dr. Minerva said that in the interest of time, the Board will address four (4) questions that were posted by the Shareholders in the chatbox.

First question was from Ms. Jessica Gallega which was stated as follows:

You are working to be a JCI hospital, can you discuss about that and tell us what is our advantage from other hospitals?

The Chairman replied that as seen in the video and the Chairman's message, , JCI or the Joint Commission International developed standards that promote quality and ensure patient safety. It sets the company apart from the rest as safety protocols are paramount considerations in the operation of the Hospital. In the Philippines, there are only five (5) JCI hospitals, the two hospitals of St. Luke's Medical Center, Makati Medical Center, The Medical City in Ortigas and Asian Hospital. As a JCI accredited hospital, Asia Pacific Medical Center can promote medical tourism as it can already cater to foreign nationals and patients and expatriates because the hospital can accept International HMOs and with this, significant revenues will be generated by the hospital while helping the tourism industry in Iloilo and Western Visayas.

The second question was from Liz Padama who asked:

When can we expect our dividends to arrive?

The Chairman replied that dividends can only be distributed if there are unrestricted retained earnings by the Corporation. Perhaps it will take a few years but as of now, the stockholders and investors will just have to enjoy the facilities and the benefits of the hospital.

The third question was from Ivy June Soriano who asked:

You mentioned that our hospital will open next year 2021. When do we expect exact date to operate?

The Chairman replied that given the present situation that we are in a pandemic, it is anticipated that Construction will still be extended up to the end of the first quarter of 2021 so hopefully, the Hospital will open around June or July of 2021.

Last question is from Dr. Jessica Yap who asked:

You mentioned that our hospital is advanced and modern. What differentiates our hospital from other hospitals?

The Chairman answered that they have claimed that Asia Pacific Medical Center – Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) is one of the most modern and advanced medical facilities in the Philippines. It is different from the others because it will only use brand new equipment and nothing is refurbished or pre-owned. As seen in the video, the Hospital is using an 1.5 Tesla MRI, 128 slides CT Scan and the mammogram and all X-rays, both ceiling mounted and mobile are digital. The company is the only hospital that uses laminar flow that maintains sterility in all operating theaters and the only hospital that uses pendant system from Italy. It will also be the only hospital that uses Steris from France for operating lights and operating table. All beds including ICU and CCU are aluminum based and are designed and manufactured using German Technology. In fact, even the minutest detail is taken care of as the meal distribution system has warm and cold compartments. The hospital will deliver warm and fresh meals to the rooms. It also has thirty five (35) suites and seven (7) Presidential suites and an exclusive Presidential Lounge. Those are the amenities that all investors can be proud of in the hospital.

Thereafter, Dr. Minerva thanked the Chairman and informed the stockholders that all other questions that were tackled will be answered via email. The said answers are also attached to this Minutes as Annex A.

VIII. Amendments of the Articles of Incorporation

The Chairman proceeded to the item on stockholders' ratification of the Amendments to the Articles of Incorporation.

The Secretary reported that ASM Resolution No. 2020-03, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020- 03

RESOLVED, as it is hereby RESOLVED that the name of the Corporation in Article I of the Articles of Incorporation be amended from Allied Care Experts (ACE) Medical Center- Iloilo, Inc. to Asia-Pacific Medical Center -Iloilo Inc;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-03 are as follows:

	For	Against	Abstain
Number of Shares Voted	195,930	80	160
% of All Outstanding Shares	83.37%	0.03%	0.06%

The Secretary reported that ASM Resolution No. 2020-04, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020- 04

RESOLVED, as it is hereby RESOLVED that the principal place of business of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo Inc.) in Article III of the Articles of Incorporation be amended to Brgy Ungka I, Jaro, Iloilo City ;

As tabulated by the Inspectors of Proxies and Ballots Committee, at the end of the meeting the votes for the approval of ASM Resolution No. 2020-04 are as follows:

	For	Against	Abstain
Number of Shares Voted	196,130	30	10
% of All Outstanding Shares	83.46%	0.01%	0.004%

IX. Amendments to the By-laws

The Secretary reported that ASM Resolution No. 2020-05, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

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ASM Resolution No. 2020- 05

RESOLVED, as it is hereby RESOLVED that the notice of Annual Stockholders Meeting as stated in Section 4 Article II of the company's By-laws be amended to twenty one (21) days before the meeting;

RESOLVED FURTHER, that notice be made through email;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-05 are as follows:

	For	Against	Abstain
Number of Shares Voted	196,150	10	10
% of All Outstanding Shares	83.46%	.004	0.004%

The Secretary reported that ASM Resolution No. 2020-06, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-06

RESOLVED, as it is hereby RESOLVED that Section 5 Article II of the company By-laws be amended to state that directors who participate through remote communication shall be deemed present for the meeting;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-06 are as follows:

	For	Against	Abstain
Number of Shares Voted	196, 060	20	90
% of All Outstanding Shares	83.43%	0.008%	0.04%

The Secretary reported that ASM Resolution No. 2020-07, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-07

RESOLVED, as it is hereby RESOLVED that Section 6 Article II of the company By-laws be amended to state that meetings may be conducted through tele/video conferencing;

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As tabulated by the Inspectors of Proxies and Ballots Committee, the votes for the approval of ASM Resolution No. 2020-07 are as follows:

	For	Against	Abstain
Number of Shares Voted	194, 120	2,010	40
% of All Outstanding Shares	82.60%	.86%	0.02%

The Secretary reported that ASM Resolution No. 2020-03, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-08

RESOLVED, as it is hereby RESOLVED that the deadline for submission of proxies as stated in Section 7 Article II of the company By-laws be amended to not later than seven (7) calendar days before the scheduled meeting;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the noting of the annual report and the approval of the 2019 audited financials statement of the Corporation together with the approval of Resolution No. S-02-2020 are as follows:

	For	Against	Abstain
Number of Shares Voted	195,980	80	110
% of All Outstanding Shares	84.40%	0.03%	0.05%

The Secretary reported that ASM Resolution No. 2020-09 as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-09

RESOLVED, as it is hereby RESOLVED that Section 6 Article III of the company's By-laws be amended to allow participation and voting in Board Meetings through remote communication;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-09 are as follows:

	For	Against	Abstain
Number of Shares Voted	196,090	20	60
% of All Outstanding Shares	83.44%	0.008%	0.02%

The Secretary reported that ASM Resolution No. 2020-10, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-10

RESOLVED, as it is hereby RESOLVED that Section 1 Article IV of the company's By-laws be amended to state that the qualifications of the Corporate Secretary shall be prescribed in the Manual of Corporate Governance;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-10 are as follows:

	For	Against	Abstain
Number of Shares Voted	192,690	0	3,480
% of All Outstanding Shares	81.99%	0	1.48%

The Secretary reported that ASM Resolution No. 2020-11, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-11

RESOLVED, as it is hereby RESOLVED that Section 8 Article IV of the company's By-laws be amended to remove the functions of a Chief Finance Officer from the Treasurer to have the treasury and controller functions be exercised by separate individuals;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes for the approval of ASM Resolution No. 2020-11 are as follows:

	For	Against	Abstain
Number of Shares Voted	196,040	0	130
% of All Outstanding Shares	83.42%	0	0.06%

The Secretary reported that ASM Resolution No. 2020-12, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-12

RESOLVED, as it is hereby RESOLVED that Section 1 Article VI of the company's By-laws be amended to state that the principal place of business of the company is Brgy. Ungka I, Jaro, Iloilo City;

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.
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Contact Nos. (033) 3215748 / 0929703169 / 09452331438
Email: acemciloilo@yahoo.com

meeting, the votes for the approval of Resolution No. 2020-12 are as follows:

	For	Against	Abstain
Number of Shares Voted	196,110	30	30
% of All Outstanding Shares	83.45%	0.01%	0.01%

X. Ratification of the acts of the Board of Directors and Officers

The Chairman proceeded to the item on stockholders' ratification of all the acts and resolutions of the Board, the Executive Committee, and other Board Committees exercising powers delegated by the Board, which were adopted from May 16, 2019 until 28 October 2019. The Secretary explained that these acts and resolutions are reflected in the minutes of the meetings, and they include the election of officers and members of the various Board Committees, updating of the lists of authorized representatives and bank signatories, treasury matters, and matters covered by disclosures to the Securities and Exchange Commission. The Secretary further stated that Stockholders' ratification is also being sought for all the acts of the Corporation's officers performed in accordance with the resolutions of the Board. These acts were performed to implement the resolutions of the Board or its Committees, or as part of the Corporation's general conduct of business.

The Secretary reported that Resolution No. S-03-2020, as proposed by Management and shown on the screen, had been approved by the stockholders based on the preliminary tabulation of votes:

ASM Resolution No. 2020-13

RESOLVED, as it is hereby RESOLVED that the acts of the Directors and Officers of the company from May 16 2019 to October 28 2020 be ratified;

As tabulated by the Inspectors of Proxies and Ballots Committee, the votes for the ratification of the acts of the Board of Directors and officers of the Corporation, and for the adoption of ASM Resolution 2020-13 are as follows:

	For	Against	Abstain
Number of Shares Voted	192,510	0	3,600
% of Shares of Shareholders Present	98.13%	0	1.8%

XI. Election of Directors

The next item in the agenda was the election of fifteen (15) members of the Board of Directors for the ensuing year. The Chairman requested Dr. Felibert Dianco, Chairman of the Nominations and Election Committee, to explain this item.

Dr. Felibert Dianco informed the stockholders that, in accordance with the requirements of the Corporation's By- Laws, the Manual of Corporate Governance and the rules of the Securities and Exchange Commission, the following nominees were duly nominated to the Board of Directors of the Corporation for the ensuing term:

Director	Votes Garnered
1. DR. FERJENEL G. BIRON	528,421
2. DR. MERIDE D. LAVILLA	223,875
3. DR. FELIX P. NOLASCO	206,221
4. DR. FREDILYN G. SAMORO	205,288
5. DR. MA. GRACE G. PEREZ	192,215
6. DR. AMADO M. LAVALLE JR.	191,660
7. DR. LUSYL M. GOMEZ	172,186
8. DR. IKE MINERVA	168,365
9. DR. DANILO REGOZO	155,652
10. MR. LEMUEL T. FERNANDEZ	154,831
11. ATTY. ROLEX T. SUPLICO	151,382
12. DR. AGNES JEAN M. VILLAFLOR	149,854
13. DR. EVANGELINE Y. ZOZOBRADO	131,605
Independent Directors	
1. DR. JERUSHA COMUELO	109,391
2. DR. FELIBERT O. DIANCO	107,542
3. DR. RUBEN RAMIREZ	76,815

Drs. Dianco, Comuelo and Ramirez have been nominated as independent directors.

Dr. Dianco further stated that all nominees were ascertained by the Nominations and Election Committee to be qualified to serve as directors of the Corporation and have given their consent to their respective nominations.

The Chairman requested the Secretary to disclose the results of the election.

The following result was flashed on the screen:

Director	Votes Garnered
3. DR. FERJENEL G. BIRON	528,421
4. DR. MERIDE D. LAVILLA	223,875
3. DR. FELIX P. NOLASCO	206,221
4. DR. FREDILYN G. SAMORO	205,288
5. DR. MA. GRACE G. PEREZ	192,215
7. DR. AMADO M. LAVALLE JR.	191,660
7. DR. LUSYL M. GOMEZ	172,186
8. DR. IKE MINERVA	168,365
9. DR. DANILO REGOZO	155,652
10. MR. LEMUEL T. FERNANDEZ	154,831

11. ATTY. ROLEX T. SUPLICO	151,382
12. DR. AGNES JEAN M. VILLAFLOR	149,854
13. DR. EVANGELINE Y. ZOZOBRADO	131,605
14. DR. JERUSHA COMUELO	109,391
15. DR. FELIBERT O. DIANCO	107,542
16. DR. RUBEN RAMIREZ	76,815

The Corporate Secretary reported that 15 out of 16 candidates have garnered majority votes. However, only twelve (12) out of the thirteen (13) nominees for regular Directors shall be allowed to sit on the Board. Given this, she certified that the following nominees has received enough votes for election to the Board and that ASM Resolution No. 2020-14 for the election of the fourteen nominees to the Board, which was shown on the screen, had been approved:

ASM Resolution No. 2020-14

RESOLVED, as it hereby RESOLVED that the following Directors with the corresponding votes be elected as members of the 2020 APMCI Board of Directors to serve as such effective immediately until their successors are chosen;

DIRECTORS

1. DR. FERJENEL G. BIRON
2. DR. MERIDE D. LAVILLA
3. DR. FELIX P. NOLASCO
4. DR. FREDILYN G. SAMORO
5. DR. MA. GRACE G. PEREZ
6. DR. AMADO M. LAVALLE JR.
7. DR. LUSYL M. GOMEZ
8. DR. IKE MINERVA
9. DR. DANILO REGOZO
10. MR. LEMUEL T. FERNANDEZ
11. ATTY. ROLEX T. SUPLICO
12. DR. AGNES JEAN M. VILLAFLOR
13. DR. JERUSHA COMUELO Independent Director
14. DR. FELIBERT O. DIANCO Independent Director

The Chairman expressed his gratitude to Directors Geanie Cerna, Marietta Samoy, Generoso Orillaza and Ronald Ramiro for their dedicated service to the company for the past several years as Directors.

The Chairman then welcomed the newly elected directors and thanked them for their willingness to serve as directors and independent directors of the Corporation.

XII. Election of External Auditor and Fixing of its Remuneration

Upon the request of the Chairman, Dr. Agnes Villaflor, Treasurer, informed the stockholders that the Audit Committee evaluated the performance of the Corporation's external auditor, Dimaculangan and Dimaculangan CPAs Co. , for the past year and found it satisfactory. Thus, the Committee and the Board agreed to endorse the election once again of Dimaculangan as the external auditor of the Corporation for the current fiscal year for an audit fee of Pesos: Two Hundred Twenty Four Thousand Four Hundred Pesos (PHP 224,400.00)., exclusive of out of pocket expenses.

The Secretary presented ASM Resolution No. 2020 -15 for the election of the Corporation's external auditor and fixing of its remuneration and reported that based on the preliminary tabulation of votes, there were enough votes received for the approval of said resolution, which was shown on the screen:

ASM Resolution No. 2020-15

RESOLVED, as it is hereby RESOLVED that Dimaculangan, Dimaculangan and Co. CPA's be elected as independent auditor for Year 2020 at a fixed compensation of Two Hundred Twenty Four Thousand Four Hundred Pesos (PHP 224,400.00).

As tabulated by the Inspectors of Proxies and Ballots Committee at the end of the meeting, the votes on the election of Dimaculangan and Dimaculangan as external auditor of the Corporation, the approval of its audit fee and the adoption of Resolution No. 2020-15 are as follows:

	For	Against	Abstain
Number of Shares Voted	195,810	10	350
% of Shares of Shareholders Present	99.82%	0.01%	0.18%

XIII. Adjournment

There being no other matters to discuss, the Chairman adjourned the meeting and informed the stockholders that the link to the Zoom webinar of the meeting will be posted on the Corporation's website, and stockholders may raise issues, clarifications and concerns on the meeting conducted within two (2) weeks from posting of the link by sending an email to acemci.corpsec@gmail.com .

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PREPARED BY:

MAYLENE B. VILLANUEVA
Corporate Secretary

ATTESTED BY:

FERJENEL G. BIRON
Chairman

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ANNEX A to the Minutes

QUESTIONS AND COMMENTS THAT WERE NOT ADDRESSED DURING THE ASM

1. Al Joevid Mirasol

I am excited to finally know the state of affairs and the status of the company.

ANSWER: Upon registration by the Securities and Exchange Commission after the approval of the stockholders, the Company will assume a new corporate name, Asia Pacific Medical Center (APMC) -Iloilo Inc. and will operate the hospital under the name of Asia Pacific Medical Center- Iloilo, Inc.

As of 15 July, 2021, the Construction is nearing completion at 96.81%. Given the delays brought about by the pandemic, it will be finished by November 2021.

2. Rhoda Mae Abdallah

In this time of COVID 19 pandemic, is our hospital prepared to accommodate and treat COVID patients?

ANSWER:

Definitely yes. The Hospital has adopted a comprehensive COVID Readiness plan including the emergency room, ICU, Operating room, elevator and separate COVID Rooms at the 6th floor. These adjustments actually contributed to the delays in the construction.

3. Edgar Balano

When is the formal opening to cater patients?

ANSWER: Please see the answer to the question raised by Ivy June Soriano which is included in the Minutes.

4. Rolando Aragona Jr.

Will there be service cases?

ANSWER: Yes. The Universal Health Care Act requires all private hospitals to operate not less than ten (10%) percent 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.

As soon as it operates, the Company will comply with the guidelines set by the DOH to implement the law in so far as it is concerned.

5. Rosalinda Orata

When was the voting done?

As specified in the Notice of Meeting sent to all stockholders with email addresses furnished to the Investors Relations Office of Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center - Iloilo, Inc.) and published in the company website and The Manila Times and The Manila Standard, stockholders who intend to participate by remote communication shall inform the Corporate Secretary of such intent on or before 19 October 2020 while those who opt to participate by voting through Chairman as proxy may submit the duly signed proxy at 5:00 p.m. Of 28 October 2020.

On 20 October 2020, the 2019 APMCI Board of Directors issued a Resolution extending the deadline for registration for participation via remote communication to the ASM on 24 October 2020 In order to maximize participation. Those who had registered were made to vote starting at 9:00 am of 27 October 2020 . Registered stockholders had until 29 October 2020 5pm to cast their votes while the meeting was ongoing.

6. Herma Grace Cerduna

I hope the emails to unanswered queries in this meeting be sent to all for transparency...

Answer: Yes. A copy of this Q& A Summary for the 2020 will be emailed to all investors.

7. Atty Eldrid Antiquiera

Question: What is the prospect of an IPO ?

The Initial Public Offer was made to finance the construction, development and pre-operation of Asia Pacific Medical Center Iloilo (the "Hospital").

The IPO immediately increased the Fair Market Value of the shares which is now being sold at PhP 400,000 per block of ten shares.

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Tel No. (033) 321-57-48

ANNEX "G"

MANAGEMENT REPORT AS OF 30 JUNE 2021

A. DESCRIPTION OF BUSINESS

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

The company was established to maintain , operate, own, and manage hospitals, medical and related healthcare facilities and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

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

As of 30 June 2021, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by Company is 96.73%.

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

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

Asia Pacific Medical Center - Iloilo Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.) will be a 9-storey 200-bed capacity hospital with helipad and one (1) basement parking area (108 parking slots), with total floor area of 25,086 sq.m. constructed in a 6,000 sq.m. property located at Barangay Ungka 1,Jaro, Iloilo City. It will provide services to residents of Jaro, Iloilo City, nearby Barangays and Municipalities, the whole of Iloilo and the neighboring provinces which are considered its catchment areas. The company will be a 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.

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

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

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

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

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

Suppliers and Major Contractors

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

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

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

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

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

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

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

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

B. SECURITIES OF THE REGISTRANT

Market Price

The Company markets and offers the securities through organic employees who are well versed with Hospital operations. Management believes that the strategic location of the Hospital, the facilities and the services it will provide, and the people behind the Hospital, are sufficient to entice medical specialists and prospective investors to consider the offer. The Company greatly relies on these organic employees and satisfied patients to spread the word about the facilities the Hospital can offer.

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

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

The breakdown of the Offer Price is presented as follows:

Series of Common Shares	Number of Blocks	Maximum Proposed Selling Price per block
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 all been sold at the price of Php 250,000.00 per block. The second series of 500 blocks were fully subscribed in September 2020. Five Blocks of the third series were sold at PhP400,000 per block as of 30 June 2021. 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 30 June 2021 is 13.20%.

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

HOLDERS

There are approximately 43 holders of Founder Shares and approximately 2749 holders of common shares of the company as of 30 June 2021.

The Top 20 Stockholders as of 30 June 2021 are as follows:

STOCKHOLDERS	NATIONALITY	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
1. BIRON, FERJENEL G.	FILIPINO	COMMON 76350 FOUNDER 170	32.55 %
2. SAMORO, FREDILYN G.	FILIPINO	COMMON 6780 FOUNDER 20	2.89%

3. SAMOY, MARIETTA T.	FILIPINO	COMMON FOUNDER	6770 20	2.89%
4. RAMIREZ, RUBEN B.	FILIPINO	COMMON FOUNDER	5930 20	2.53%
5. LAVALLE, AMADO JR.	FILIPINO	COMMON FOUNDER	3452 10	1.47%
6. REGOZO, DANILO C.	FILIPINO	COMMON FOUNDER	3452 10	1.47%
7. CERNA-LOPEZ, GEANIE	FILIPINO	COMMON FOUNDER	3390 10	1.45%
8. COMUELO, JERUSHA	FILIPINO	COMMON FOUNDER	3390 10	1.45%
9. DOMINGO, CARMELO JR.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
10. GOMEZ, LUSYL M.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
11. GONZALES, NOEL G.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
12. LAVILLA, MERIDE D.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
13. MINERVA, IKE T.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
14. ONG, MAY FLOR G.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
15. ORILLAZA, GENEROSO M.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
16. ORILLAZA, MARISSA A.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
17. PEREZ, MA. GRACE G.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
18. SAMORO, RONNIE Z.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
19. VILLAFLOR, AGNES JEAN M.	FILIPINO	COMMON FOUNDER	3390 10	1.45%
20. DIANCO, FELIBERT O.	FILIPINO	COMMON FOUNDER	3380 10	1.44%

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

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

C. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) or PLAN OF OPERATION AS OF 30 JUNE 2021

PLAN OF OPERATION

The company has no revenue in the past three fiscal years because it is still in the construction phase. The original plan to operate the hospital in the first half of 2021 was not materialized because of continuing impact of the pandemic to the corporation. The administrative operations continue with employees put on alternative work arrangements but not one was dismissed. There were construction and engineering modifications done in the existing building to provide more ideal services to future COVID patients. The construction may have slowed down, but it has never totally stopped. Completion of the building is set on the end of this year and operation of the hospital is planned to start in the first quarter of 2022.

In May 2021, the company has applied for a term loan facility with Asia United Bank (AUB), to refinance the remaining construction of the hospital and to acquire the remaining equipment needed for its operations and to take out the existing loan from Land Bank of the Philippines. As of June 2021, final documentary requirements are being processed for the approval of this loan.

To further satisfy the cash requirement to meet the administrative and general expenditures of the soon-to-be-opened hospital, the company will continue to explore strategic marketing plans to sell the remaining publicly offered securities which to date values at PhP198,000.000.00.

There is no plan for *any product research and development* as of yet by the company.

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment for the Dialysis unit, Ophthalmology unit, Endoscopy unit, and ambulance.

The company will be employing at least six hundred ninety four (694) employees when it commences its operation.

MANAGEMENT'S DISCUSSION and ANALYSIS

Results of Operations

Income Statement Date	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Revenue	0	0	0	0	0
Direct Costs	0	0	0	0	0
Gross Profit	0	0	0	0	0
Other Income	20,421	107,317	97,953	137,975	376,828
Gross Income	20,421	107,317	97,953	137,975	376,828
General and Administrative Expenses	(8,861,013)	(29,646,352)	(25,904,499)	(18,944,150)	(8,621,067)
Loss from Operations	(8,840,592)	(29,539,035)	(25,806,546)	(18,806,175)	(8,244,239)
Finance Cost	(4,718,067)	(13,830,175)	(11,456,490)	0	0
Loss before Income Taxes	(13,558,659)	(43,369,210)	(37,263,036)	(18,806,175)	(8,244,239)
Income Tax expense	0	0	0	0	0
Net Loss for the Year	(13,558,659)	(43,369,210)	(37,263,036)	(18,806,175)	(8,244,239)
Less: Comprehensive Loss	0	0	0	0	0
Net Comprehensive Loss for the Year	**(13,558,659)**	**(43,369,210)**	**(37,263,036)**	**(18,806,175)**	**(8,244,239)**
Total Resources	1,826,864,851	1,747,456,180	1,488,628,779	1,059,181,296	719,230,523

Net Comprehensive Loss. The company has been reflecting deficits in its Results of Operations statements. This is because the company is in the construction stage of the hospital and no operational income has been recorded yet. To date, the hospital is almost complete at 96.73% progress rating.

Given that, all **administrative and general expenses** incurred by the company pile up and add to the deficit (see table below). As at December 31, 2017, the deficit recorded was P8,244,239. In 2018 it was P18.806M. Years 2019 and 2020 reflected additional deficits of P37.263M and P43.369M, respectively. For 2021, The current balance of the reported loss is at P13,558,659.

Finance Costs are interests on the loans granted by Land Bank of the Philippines to the company. There were no finance costs reported for 2017 and 2018. These costs started only 2019 which on that year amounted to P11.5M. In 2020, total finance cost were at P13.8M. For the 6-month period ending June 30, 2021, Finance Costs recorded was P4.7M.

5-Year Comparative General and Administrative Expenses

	June 30, 2021	Dece. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec.31, 2017
Salaries and Allowances	4,986,156	10,607,015	9,990,330	3,486,660	1,000,440
Seminars and Trainings	64,880	0	0	0	0
Board Meetings and Meals	17,963	9,960,373	1,815,312	2,359,644	2,511,770
Professional Fees and Legal Fees	808,853	2,299,496	5,561,460	6,035,067	565,800
Security Services	925,941	1,625,740	1,081,964	0	0
Taxes and Licences	177,319	1,350,661	1,775,777	2,560,748	1,997,261
Insurance Expense	807,759	777,807	715,015	181,292	0
Utilities	0	760,656	528,286	191,902	186,463
SSS, PHIC, and HDMF Contributions	291,465	516,045	333,792	268,769	118,648
Depreciation Expense	244,965	422,949	305,461	135,788	70,567
Amortization of Intangible Asset	16,667	0	0	0	0
Transportation and Travel	19,173	374,228	1,025,919	1,123,206	1,110,076
Rentals	30,152	316,000	1,725,859	1,004,550	261,474
Office Supplies	93,328	260,391	439,014	115,019	0
Advetising and Marketing Expenses	9,547	249,143	0	247,183	0
Postage and Communications	78,215	0	0	0	0
Web Hosting	15,000	0	0	0	0
Unrealized FOREX Loss	0	0	179,510	0	13,530
Repairs and Maintenance	9,479	0	0	0	15,167
Miscellaneous	264,150	125,848	426,800	1,234,322	769,871
TOTALS	**8,861,013**	**29,646,352**	**25,904,499**	**18,944,150**	**8,621,067**

5-Year Comparative Finance Cost

	June 30, 2021	Dece. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec.31, 2017
Finance Costs	**4,697,067**	**13,830,175**	**11,456,490**	**0**	**0**

	June 30, 2021	Dece. 31, 2020	Difference	Rate Change	Dec. 31, 2019	Difference	Rate Change
Salaries and Allowances	4,986,156	10,607,015	(5,620,859)	-53.0%	9,990,330	616,685	6.2%
Seminars and Trainings	64,880	0	64,880	0.0%	0	0	0.0%
Board Meetings and Meals	17,963	9,960,373	(9,942,410)	-99.8%	1,815,312	8,145,061	448.7%
Professional Fees and Legal Fees	808,853	2,299,496	(1,490,643)	-64.8%	5,561,460	(3,261,964)	-58.7%
Security Services	925,941	1,625,740	(699,799)	-43.0%	1,081,964	543,776	50.3%
Taxes and Licences	177,319	1,350,661	(1,173,342)	-86.9%	1,775,777	(425,116)	-23.9%
Insurance Expense	807,759	777,807	29,952	3.9%	715,015	62,792	8.8%
Utilities	0	760,656	(760,656)	-100.0%	528,286	232,370	44.0%
SSS, PHIC, and HDMF Contributions	291,465	516,045	(224,580)	-43.5%	333,792	182,253	54.6%
Depreciation Expense	244,965	422,949	(177,984)	-42.1%	305,461	117,488	38.5%
Amortization of Intangible Asset	16,667	0	16,667	0.0%	0	0	0.0%
Transportation and Travel	19,173	374,228	(355,055)	-94.9%	1,025,919	(651,691)	-63.5%
Rentals	30,152	316,000	(285,848)	-90.5%	1,725,859	(1,409,859)	-81.7%
Office Supplies	93,328	260,391	(167,063)	-64.2%	439,014	(178,623)	-40.7%
Advetising and Marketing Expenses	9,547	249,143	(239,596)	-96.2%	0	249,143	0.0%
Postage and Communications	78,215	0	78,215	0.0%	0	0	0.0%
Web Hosting	15,000	0	15,000	0.0%	0	0	0.0%
Unrealized FOREX Loss	0	0	0	0.0%	179,510	(179,510)	-100.0%
Repairs and Maintenance	9,479	0	9,479	0.0%	0	0	0.0%
Miscellaneous	264,150	125,848	138,302	109.9%	426,800	(300,952)	-70.5%
TOTALS	**8,861,013**	**29,646,352**	(20,785,339)	-70.1%	**25,904,499**	3,741,853	14.4%

5-Year Comparative Statements of Financial Position

ASSETS	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
CURRENT ASSETS					
Cash	3,756,562	48,022,046	15,371,215	47,890,668	191,137,640
Short Term Investments	0	0	0	10,218,347	10,070,222
Unused Office Supplies	24,570	0	0	0	0
Receivables - Others	5,190,088	140,652	167,922	29,440,523	13,200,304
Advances to Related Party	35,595,773	32,063,203	289,039,039	250,327,056	118,386,696
Advances to Contractors	47,767,474	46,605,879	30,955,691	0	0
Advances to Suppliers	3,376,722	7,022,271	3,515,904	0	0
Prepayments	1,187,802	213,858	192,306	222,407	0
Loans Receivable	0	0	0	37,000,000	37,000,000
Other Current Assets	0	0	0	0	189,643
	96,898,991	134,067,909	339,242,077	375,099,001	369,984,505
NON-CURRENT ASSETS					
Property and Equipment (net)	417,925,316	412,944,976	155,918,076	96,593,069	41,030,887
Construction-In-Progress	1,306,992,039	1,215,428,067	993,243,626	587,474,226	308,200,131
Intangible Asset (net)	33,333	0	0	0	0
Other Non-Current Assets	5,015,171	5,015,228	225,000	15,000	15,000
	1,729,965,859	1,633,388,271	1,149,386,702	684,082,295	349,246,018
TOTAL ASSETS	**1,826,864,851**	**1,767,456,180**	**1,488,628,779**	**1,059,181,296**	**719,230,523**

LIABILITY AND EQUITY	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
CURRENT LIABILITIES					
Accounts Payable and Other Liabilities	102,077,166	96,662,087	67,510,071	27,916,808	28,153,768
Income Tax Payable	0	228	0	0	0
Deposits for Future Subscription	0	0	0	0	21,000,000
Loans Payable to Individuals	26,621,254	30,343,471	75,250,000	75,250,000	75,250,000
Loans Payable to Related Party	11,834,969	0	0	0	0
Notes Payable - Current Portion	19,393,250	19,393,250	17,970,720	16,064,148	0
	159,926,639	146,399,036	160,730,791	119,230,956	124,403,768
NON-CURRENT LIABILITIES					
Notes Payable - net of Current Portion	856,996,830	856,996,830	739,241,760	488,085,852	227,780,000
Advances from Shareholders	0	0	260,878,684	340,873,908	258,250,000
	856,996,830	856,996,830	1,000,120,444	828,959,760	486,030,000
TOTAL LIABILITIES	1,016,923,469	1,003,395,866	1,160,851,235	948,190,716	610,433,768
EQUITY					
Share Capital (net)	235,050,000	221,234,000	168,150,000	141,000,000	120,000,000
Share Premium	699,091,707	653,467,980	226,900,000	0	0
Deficit	(124,200,325)	(110,641,666)	(67,272,456)	(30,009,420)	(11,203,245)
	809,941,382	764,060,314	327,777,544	110,990,580	108,796,755
TOTAL LIABILITIES AND EQUITY	**1,826,864,851**	**1,767,456,180**	**1,488,628,779**	**1,059,181,296**	**719,230,523**

LIABILITY AND EQUITY	June 30, 2021	Dec. 31, 2020	Difference	Rate Change	Dec. 31, 2019	Difference	Rate Change
CURRENT LIABILITIES							
Accounts Payable and Other Liabilities	102,077,166	96,662,087	5,415,079	5.6%	67,510,071	29,152,016	43.2%
Income Tax Payable	0	228	(228)	-100.0%	0	228	0.0%
Loans Payable to Individuals	26,621,254	30,343,471	(3,722,217)	-12.3%	75,250,000	(44,906,529)	-59.7%
Loans Payable to Related Party	11,834,969	0	11,834,969	0.0%	0	0	0.0%
Notes Payable - Current Portion	19,393,250	19,393,250	0	0.0%	17,970,720	1,422,530	7.9%
	159,926,639	146,399,036	13,527,603	9.2%	160,730,791	(14,331,755)	-8.9%
NON-CURRENT LIABILITIES							
Notes Payable - net of Current Portion	856,996,830	856,996,830	0	0.0%	739,241,760	117,755,070	15.9%
Advances from Shareholders	0	0	0	0.0%	260,878,684	(260,878,684)	0.0%
	856,996,830	856,996,830	0	0.0%	1,000,120,444	(143,123,614)	-14.3%
TOTAL LIABILITIES	1,016,923,469	1,003,395,866	13,527,603	1.3%	1,160,851,235	(157,455,369)	-13.6%
EQUITY							
Share Capital (net)	235,050,000	221,234,000	13,816,000	6.2%	168,150,000	53,084,000	31.6%
Share Premium	699,091,707	653,467,980	45,623,727	7.0%	226,900,000	426,567,980	188.0%
Deficit	(124,200,325)	(110,641,666)	(13,558,659)	12.3%	(67,272,456)	(43,369,210)	64.5%
	809,941,382	764,060,314	45,881,068	6.0%	327,777,544	436,282,770	133.1%
TOTAL LIABILITIES AND EQUITY	**1,826,864,851**	**1,767,456,180**	**59,408,671**	3.4%	**1,488,628,779**	**278,827,401**	18.7%

ASSETS	June 30, 2021	Dec. 31, 2020	Difference	Rate Change	Dec. 31, 2019	Difference	Rate Change
CURRENT ASSETS							
Cash	3,756,562	48,022,046	(44,265,484)	-92.2%	15,371,215	32,650,831	212.4%
Unused Office Supplies	24,570	0	24,570	0.0%	0	0	0.0%
Receivables - Others	5,190,088	140,652	5,049,436	3590.0%	167,922	(27,270)	-16.2%
Advances to Related Party	35,595,773	32,063,203	3,532,570	11.0%	289,039,039	(256,975,836)	-88.9%
Advances to Contractors	47,767,474	46,605,879	1,161,595	2.5%	30,955,691	15,650,188	50.6%
Advances to Suppliers	3,376,722	7,022,271	(3,645,549)	-51.9%	3,515,904	3,506,367	99.7%
Prepayments	1,187,802	213,858	973,944	455.4%	192,306	21,552	11.2%
	96,898,991	134,067,909	(37,168,918)	-27.7%	339,242,077	(205,174,168)	-60.5%
NON-CURRENT ASSETS							
Property and Equipment (net)	417,925,316	412,944,976	4,980,340	1.2%	155,918,076	257,026,900	164.8%
Construction-In-Progress	1,306,992,039	1,215,428,067	91,563,972	7.5%	993,243,626	222,184,441	22.4%
Intangible Asset (net)	33,333	0	33,333	0.0%	0	0	0.0%
Other Non-Current Assets	5,015,171	5,015,228	(57)	0.0%	225,000	4,790,228	2129.0%
	1,729,965,859	1,633,388,271	96,577,588	5.9%	1,149,386,702	484,001,569	42.1%
TOTAL ASSETS	**1,826,864,851**	**1,767,456,180**	**59,408,671**	3.4%	**1,488,628,779**	**278,827,401**	18.7%

ASSETS

Cash and Cash Equivalents

Cash balances as reflected in the schedules above have been on the down slope. This is because cash is the most use resources of the company especially that it is in the construction phase. The priority of using cash has always been directed to the construction as payments for obligations or procurement of certain machine.

Unused Supplies

Beginning Jan 2021, unused supplies were separately recorded in preparation for the opening of the hospital.

Receivables and Advances

Advances made in favor of the contractors and suppliers were taken up to recognize down payments made by the company. In 2017 and 2018, given that the amount were not that material yet, these were included as part of the accounts receivable account. Starting 2019 when the construction progressed further, these amounts of receivables also increased, thus, these were taken up separately under separate titles. These advances starting 2019 accounted for 10.17% (P34.4M) and 2020 for 40.0% (P53.6M). In June 2021 advances were at P54.65 and other receivables amounted to P5.19M.

Advances to Related Party

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

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

In 2021, we have taken up the advances made to TIP Plus amounting to P 3,515,904.

Prepayments

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

Loans Receivable

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

Property and Equipment (net)

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

The equipment were transferred to the hospital site in preparation for the opening of the hospital. AS at end of June 2021, total PPEs stand at P417.9M.

Construction in Progress

The hospital construction has been going on since 2016. To date, the total amount used for the construction of the building is P1.307B. In 2017, year-end total was 308.2M. Additional costs were recorded in the next 3 years: P279.3 in 2018; P405.7 in 2019; and P222.2M in 2020.

Intangible Assets

We have recorded an intangible asset of P33,333 as at end of June 2021. This is to take up the remaining amount paid for the XERO Accounting System temporarily used by the company. This will eventually be replaced by a custom-made HIS once the hospital opens.

Other Non-Current Assets

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

LIABILITIES

Accounts Payables and Other Liabilities

The accounts payable account is comprised mostly of Retention Payables, Government Liabilities, Accrued Interest, and Other Payables. Balances of these accounts as of June 30, 2021 are as follows:

Retention Payable	40.9 M
Accrued Interest Payable	37.5 M
Government Liabilities	158.0 K
Other Accounts Payable	22.7 M

Loans Payable to Individuals and Advance from Shareholders

These are voluntary advances from shareholders made at the early part of the construction. The intention is to augment the funds of the company in the early part of the construction given that the license to sell of the company was not yet approved by the SEC. The license was issued 2019, thus, the company started selling the securities. From then on, these advances were gradually liquidated. At present the account reflects a balance of P38.5M.

Loans Payable to Related Party

In June 2021, the company borrowed money from Phil Pharmawealth Corp. amounting to P11.83M. This loan will be paid within the year.

Notes Payable

The company forged a loan agreement with Land Bank of the Philippines for its hospital construction and equipment. Total loan amount would be P1.06B. These loans were released in tranches, at the end of 2017, bank loans totaled P222.78M. Additional loans of P241.37M were released in 2018. In 2019 ending balance of the loan account soared to P757.21M with the release of additional loans of P293.06M during the year. At the end of 2020, loan balance was at P876.39M after receiving the year's bank assistance of P119.18M. To date, the company did not receive new releases from LBP.

EQUITIES

Capital Shares

Outstanding capital shares are as follows: 2017 P120.0M, this represents initial shares paid for by the founders of the company. In 2018, additional capital amounting P21.0M were collected. Total at the end of the year stands at P141.0M. In 2019, the SEC approved the license to sell of the company, thus, from then on, the company was able to sell shares of stocks to the public. Total amount added in 2019 was P27.15M while year 2020 added another P53.08M. 2020 year-end balance stands at P221.23M.

At period end June 30, 2021, total paid in capital amounted P235.05M which is equivalent to 235,050 shares sold.

Share Premium

Stocks sold at IPO vary in price depending on the tranche from where you bought the shares. The first tranche was sold at P250.0k (26000 shares). The second was sold at P300.0K (5000 shares. And the third is being sold at P400.0K (5000 shares). These shares were sold at a premium. Total premiums recorded out of the IPO sales amount to P699.09M as of end of June 2021.

Deficit

There has been no operation income recognized since the start because the company is still in the construction stage of the hospital. We have recognized administrative and general expenses since 2016 and these figures already piled up and now present a total deficit of P124.2M.

JUNE 30, 2021

The company is now in the process of constructing the hospital. It cannot be avoided to incur losses due to the current status of construction. However, projections for the hospital are quite brighter when it opens its doors to the public. Based on the completion progress, should construction move as expected, the hospital is due to open by the first quarter of the following year.

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

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

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

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment for the Dialysis unit, Ophthalmology unit, Endoscopy unit, and ambulance.

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

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

Key Performance Indicators

	JUNE		
	June 2021	**December 2020**	**December 2019**
Liquidity a. **Quick Ratio** – the capacity of the company to cover its short term obligations using only its most liquid assets [(cash + cash equivalent + AR) / current liabilities] Most of the company's resources are now being utilized for the construction of the hospital. That is the reason why the cash balance reflected on every year-end report is low. Within 2021, the hospital will be opening its doors to the public, thus, it is expected that the cash and other current assets will reflect a more positive data.	0.59 : 1	0.91 : 1	2.11 : 1
b. **Current Ratio** – the company's capacity to meet current obligations out of its liquid assets (current assets / current liabilities) As for now, cash and other current assets are being utilized for the construction of the hospital. That is the reason why the current ratio of the company reflected a not so attractive information. It is expected to be better when the hospital starts its operation this 2021.	0.61 : 1	0.91 : 1	2.11 : 1

Solvency a. **Debt to Equity Ratio** – The indicator of which group of accounts has greater representation in the total resources of the company. (long-term debt / equity) The debt to equity ratio is slowly showing progress. The continuous sale of securities help in the improvement seen in the solvency of the company.	1.26 : 1	1.12 : 1	3.06 : 1

Profitability a. **Net Profit Margin** – This is the ability of the company to generate surplus for the stockholders. (net income / sales) The company is not yet operational, therefore, net Profit margin cannot be ascertained.	0	0	0
b. **Return on Equity** – This is the ability of the company to generate returns on investments of the stockholders. (net income / stockholder's equity) The company is not yet operational, thus, it is improbable to determine the return to equity as at present time.	0	0	0
Leverage a. **Debt to Total Asset Ratio** – The proportion of the total assets financed by creditors. (total debt / total assets) Hospital construction is almost finished, thus, the company assets were already building up with the increase in the construction in progress account. To date Total debts is equivalent to 56% of the total assets. Once the hospital operates and payments will be made to amortize its principal amount, this percentage will still improve.	0.56 : 1	0.57 : 1	0.78 : 1
b. **Asset to Equity Ratio** – Indicator of the over-all financial stability of the company. (total assets / equity) Continuous sales of securities would both boost the asset-equity ratio of the company. And it will be more stable	2.26 : 1	2.31 : 1	4,57 : 1

come hospital operation that is expected before the year ends.			
Interest Rate Coverage a. Interest Rate Coverage Ratio – Measures the company's ability to meet its interest payments. (earnings before interest and taxes / interest exp) The company is at its construction stage, given so, payment of interests are dependent on funds generated thru sale of securities and not from income generated.	0	0	0

D. CERTAIN RELATIONS AND RELATED TRANSACTIONS

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

E. MANAGEMENT AND CERTAIN SECURITY HOLDERS

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of its operations for its review. Currently, the Board consists of fifteen (15) members, of which three (3) are independent directors.

The table below set forth the members of the Company's Board as of 30 June 2021.

Name	Age	Position	Citizenship
Biron, Ferienel G.	56	Chairman & President	Filipino
Samoro, Fredilvn G.	55	Vice Chairman	Filipino
Lavalle, Amado Jr.	57	Vice President	Filipino
Lavilla, Meride D.	57	Assistant Corp Sec.	Filipino
Villaflor, Agnes Jean M.	56	Director/Treasurer	Filipino
Gomez, Lusyl M.	61	Director/Asst. Treas. (elected on October 29 2020)	Filipino
Gallega-Perez, Ma. Grace.	42	Director (elected on October29 2020)	Filipino
Reaozo, Danilo ,'	57	Director	Filipino
Fernandez, Lemuel	53	Director	Filipino
Nolasco, Felix	68	Director (elected on October 29 2020)	Filipino

Suplico, Rolex	62	Director (elected on October29 2020)	Filipino
Minerva, Ike	45	Director	Filipino
Dianco, Felibert 0.	46	Independent Director{elected on March 10 2020)	Filipino
Comuelo, Jerusha A.	53	Independent Director (electedon October 29 2020)	Filipino
Ronald, Ramiro	62	Independent Director	Filipino

All the above were elected as Board of Directors and Officers of the Corporation for the year 2020 until their successors are elected during the Annual Stockholders meeting of ASIA PACIFIC MEDICAL CNTER-ILOILO, INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.) held on 29 October 2020. During the Organizational Meeting on the same day, Dr. Gomez was elected as Asst. Treasurer. On 4 December 2020 Dr. Ramiro was recognized as the third Independent Director for the year 2020 to serve in a hold over capacity as an Independent Director due to failure of one of the candidates to the BOD to meet the required number of votes. The Compliance Officer, Atty. Maylene B. Villanueva was re-elected as Corporate Secretary in the same meeting until a more suitable candidate becomes available.

Other than the aforementioned Directors and Officers, the following persons occupy Key Management positions:

The table below sets forth the company's executive officers in addition to its executive directors listedabove as of June, 2021.

Name	Age	Position	Citizenship	Period during which individual has served as such
Maylene B. Villanueva	40	Corporate Secretary/ Compliance Officer	Filipino	August 2019 to present February 2019 up to present
Elmer Samoro Z.	49	Chief Finance Officer	Filipino	February 2019 up to present
Gerald Joel C. Abonado	57	Hospital Administrator	Filipino	September 2019 to present

The independent directors of the Company as of 30 June 2021 are Ronald Ramiro, Ricardo de Los Trinos and Felibert Dianco.

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

One of the directors, Ma. Grace Gallega-Perez and the Chief Finance Officer, Elmer Samoro are the sister and brother-in-law respectively of Vice Chairman, Dr. Fredilyn G. Samoro.

On the other hand, the husband of Director Lusyl Gomez who is· also an Assistant Treasurer is the first cousin of the Corporate Treasurer Agnes Villaflor.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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

As of 30 June 2021, presentation of Prosecution's evidence is still pending.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies and practices.

F. CORPORATE GOVERNANCE

On 29 January 2019, during its first meeting after the issuance of the Permit to Offer Securities, the Board of Directors appointed its first Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of corporate governance.

The Company submitted its first Manual on Corporate Governance on 27 June 2019.

On 27 June 2020, the Board issued a Resolution creating a Special Review Committee of its Revised Manual on Corporate Governance in compliance with Section 24 Series of 2019 to be submitted on or before 30 September 2020.

On 29 January 2021, the Compliance Officer submitted to the Securities and Exchange Commission that the Company has substantially adopted in its Revised Manual on Corporate Governance the recommendations under SEC Memorandum Circular No. 24, Series of 2019 and explained the deviations from certain recommendations such as the fact that its current Corporate Secretary is also the Compliance Officer, that the rank of Senior Vice President of the Compliance Officer was not mentioned in its Revised Manual on Corporate Governance, the non-establishment of the Board Risk Oversight Committee, discretionary nature of the majority composition of the Board of Directors, the number of Independent Directors in the Board at present and the position of the Chairperson and CEO being held by the same person. The company understands that the comply and explain approach of the SEC does not give it the discretion to deviate from its recommendations perpetually. Rather, it will strive to comply with all of the recommendations after the operation of the Hospital is stabilized.

On 14 May 2021, the Board of Directors of the Company had attended the Corporate Governance Training conducted by PWC/Isla Lipana as part of its Continuing Education Program. The Company also had its Compliance Officer attend a Certification Course for Compliance Officers conducted by the Center for Global Best Practices.

WORK ACCOMPLISHMENT REPORT

PROPOSED 200-BED HOSPITAL BUILDING

ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO

West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City

PROJECT OVERALL WORK PROGRESS

No.	DESCRIPTION	WEIGHT %	PREVIOUS	PRESENT	w x %	REMARKS
1	ALL STRUCTURAL WORKS	19.00	*99.88%*	*100.00%*	19.00	*LPG Tank Room, ER Canopy*
2	ARCHITECTURAL WORKS - EXTERIOR	4.97	*98.33%*	*98.75%*	4.91	*ACP Cladding, Louvers*
3	ARCHITECTURAL WORKS - INTERIOR	23.45	*98.75%*	*98.90%*	23.45	*Doors, internal glass*
	SPECIAL FINISHES	-			-	*Paints, wall cladding, Floor Finishes*
	JOINERIES	-			-	*Customized cabinetry, counters*
4	ELECTRICAL WORKS	8.23	*96.64%*	**96.73%**	8.02	*Cabling, lighting, switches, power sockets*
	WIRING INCLUDING ALL FIXTURES	-	-	-		
5	AIR CONDITIONING	10.87	*97.50%*	*97.50%*	10.60	*Ducting, Insulation, Piping, Chillers*
6	PLUMBING WORKS - Waterline System	2.36	*95.00%*	*95.00%*	2.24	*Drainage System*
7	PLUMBING WORKS - Drainage System	2.92	*94.00%*	*94.00%*	2.74	*Water Line System*
8	SEWERAGE TREATMENT PLANT (STP)	0.31	*90.00%*	*90.00%*	0.28	*Underground treatment Tank ang Filtration*
9	PRESSURIZATION OF STAIRS/RAMPS/ELEVATORS	0.15	*91.00%*	*91.00%*	0.14	*Ducting and Blowers*
10	FRESH AIR	0.17	*83.00%*	*83.00%*	0.14	*Ducting and Blowers*
11	SMOKE CONTROL	0.21	*89.00%*	*89.00%*	0.19	*Ducting and Blowers*
12	PNEUMATIC TUBE SYSTEM	0.73	*90.00%*	*90.00%*	0.66	*Piping and Control Station + Blower*
13	MEDICAL GASES	1.05	*85.00%*	*85.00%*	0.89	*Copper pipes*
14	LPG GAS LINE	0.03	*85.00%*	*85.00%*	0.03	*Laying of Pipes*
15	DIETARY KITCHEN FRESH AIR AND EXHAUST	0.16	*90.00%*	*90.00%*	0.14	*Ducting and Blowers*
16	KITCHEN & FIRE SUPPRESSION	0.26	*0.00%*	*0.00%*	-	*for Bidding*
17	TOILET EXHAUST SYSTEM	0.40	*89.00%*	*89.00%*	0.36	*Piping and exhaust fans*
18	WATER FILTRATION and RO SYSTEM	0.26	*75.00%*	*75.00%*	0.20	*Piping and Filtration Tanks*
19	PRECISION AC at MRI and OTHER TRANE UNITS	0.33	*96.00%*	*96.00%*	0.32	*Other Air conditioning Units*
20	NEGATIVE and POSITIVE PRESSURE	0.85	*63.00%*	**67.00%**	0.57	*Air balancing*
21	FIRE PROTECTION	1.05	*94.58%*	**94.88%**	1.00	*Pump room, riser and distribution lines*
22	AUXILIARY WORKS	6.27	*93.18%*	**93.30%**	5.85	*Data and Data, Smoke detectors, IT*
23	SITE DEVELOPMENT (LANDSCAPING AND HARDSCAPES)	0.34	*40.00%*	**50.00%**	0.17	*Parking lots, driveways, vegetation*
24	RETROFITTING (EXTENSION)	1.40	*75.00%*	*75.00%*	1.05	*Structure strengthening - Extension Building*
25	POWER HOUSE	5.59	*99.05%*	*99.05%*	5.54	*Generator room and More power connection*
26	ELEVATORS	1.24	*88.00%*	*88.00%*	1.09	*3 Cars, Service Lift, Dumb waiter*
27	EQUIPMENTS	7.40	*98.00%*	*98.00%*	7.25	*Radiology, Bed heads, OR, Dietary*
	OVERALL PROGRESS	100%	-		**96.81**	*As of July 16 2021*

SEPTEMBER REPORT= 89.00%
OCTOBER REPORT= 93.21%
NOVEMBER REPORT= 93.46%
DECEMBER REPORT= 93.86%
JANUARY REPORT= 94.20%
FEBRUARY REPORT= 94.97%
FEBRUARY REPORT= 94.97%
MARCH REPORT = 95.49%
APRIL REPORT = 95.93%
MAY REPORT = 96.36%
JUNE REPORT = 96.73%

RANDY A. DE TOMAS, UAP
ARCHITECT
PRC License No. 001196

ARCHITECTURAL EXTERIOR FINISHING WORKS

No.	DESCRIPTION	CONTRACTOR	LOCATION	ACCOMPLISHMENT		REMARKS
				PREV.	PRESENT	
1	**ALUMINUM CLADDING (Original Contract)**	CROSSWORLD CONSTRUCTION SUPPLY	EXTERNAL WALLS	*100.00%*	*100.00%*	*DONE*
2	**ALUMINUM CLADDING (Additional Contract 1)**	CROSSWORLD CONSTRUCTION SUPPLY	EXTENSION BLDG	*95.00%*	*95.00%*	*PENDING as affected by Retrofitting*
3	**ALUMINUM CLADDING (Additional Contract 2)**	CROSSWORLD CONSTRUCTION SUPPLY	CANOPIES	*98.50%*	*98.50%*	*ONGOING - installation of framing*
4	**GLASS INSTALLATION (External)**	GLASS SOLUTION / TURNO	EXTERNAL WINDOWS	*100.00%*	*100.00%*	*DONE*
5	**ALUMINUM LOUVERS**	TURNO GLASS		*100.00%*	*100.00%*	*DONE*
6	**PAINTING WORKS**	DAKAY CONSTRUCTION	EXTERNAL	*99.00%*	*99.00%*	*ONGOING - Randomly*
					98.75%	*As of July 16, 2021*

PREVIOUS *98.75%*

RANDY A. DE TOMAS, UAP
ARCHITECT
PRC License No. 00119

ARCHITECTURAL WORKS – FIT OUT

Progress as of July 16, 2021

LEVEL	JOINERY		ALL	OK	% BY FLR	CEILING			OK	% BY FLR
	FABRN.	INSTALL				AREA (M2)	FRAME	BOARDS		
BF	0	0	1	*0*	*0.00%*	956.00	250	100	100	*10.46%*
GF	1	1	12	*1*	*8.33%*	2,060.00	1750	1750	1750	*84.95%*
2F	0	0	10	*0*	*0.00%*	2,980.00	2200	1800	1800	*60.40%*
3F	0	0	10	*2*	*20.00%*	1,950.00	1500	1500	*1600*	**82.05%**
4F	0	0	11	*2*	*18.18%*	2,010.00	1500	1350	*1400*	**69.65%**
5F	205	205	205	*200*	*97.56%*	2,192.00	2000	2000	*2000*	*91.24%*
6F	212	212	212	*212*	*100.00%*	2,250.00	2150	2150	*2150*	*95.56%*
7F	174	174	174	*172*	*98.85%*	1,950.00	1900	1925	*1925*	*98.72%*
8F	146	146	148	*146*	*98.65%*	1,861.00	1800	1820	*1820*	*97.80%*
9F	30	30	35	*30*	*85.71%*	2,160.00	2000	1100	*1500*	**69.44%**
10F	0	0	3	*0*	*0.00%*	530.00	530	530	*530*	*100.00%*
HP	0	0	0	*0*	*0.00%*	0.00	0	0	*0*	*0.00%*
TOTAL	768	768	821	765	93.18%	20,899.00	17580	16025	16,575	**79.31%**
				PREVIOUS	***93.18%***				***PREVIOUS***	***76.68%***

CONTINUOUS INSTALLATION

REOPENING OF SOME AREAS DUE TO ADDITION OF EXHAUST & RELOCATION OF FFU

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PREPARED BY:

AR. RANDY A. DE TOMAS
ARCHITECTURAL COORDINATOR

ARCHITECTURAL WORKS – FIT OUT

Progress as of July 16, 2021

LEVEL	VINYL FLOORING		ALL	OK	% BY FLR	TILE WORKS (TOILETS) & OTHER AREAS		ALL	OK	% BY FLR
	MATLS./PREP/LE	INSTAL'N				WALL	FLOOR			
BF	165	0	275	*0*	*0.00%*	231.92	687.50	919.42	*919.42*	**100.00%**
GF	870	0	1,450	*0*	*0.00%*	479.05	526.45	1,005.50	*850.00*	*84.54%*
2F	1560	0	2,600	*0*	*0.00%*	445.00	304.00	749.00	*749.00*	*100.00%*
3F	1110	0	1,850	*0*	*0.00%*	695.50	196.30	891.80	*891.80*	**100.00%**
4F	1110	0	1,850	*0*	*0.00%*	802.75	144.25	947.00	*947.00*	*100.00%*
5F	1500	80	1,925	*80*	*4.16%*	1,069.90	189.50	1,259.40	*1,259.40*	*100.00%*
6F	1600	1200	1,975	*1,200*	*60.76%*	1,069.90	189.50	1,259.40	*1,259.40*	*100.00%*
7F	1400	120	1,660	*1,000*	*60.24%*	1,069.90	189.50	1,259.40	*1,259.40*	*100.00%*
8F	1400	180	1,575	*180*	*11.43%*	1,101.10	201.50	1,302.60	*1,302.60*	**100.00%**
9F	765	0	1,275	*0*	*0.00%*	345.80	798.25	1,144.05	*1,075.00*	*93.96%*
10F	246	0	410	*0*	*0.00%*	163.80	442.00	605.80	*250.00*	*41.27%*
HP	0	0	0	*0*	*NA*	0.00	0.00	0.00	*0.00*	*0.00%*
TOTAL	11726	1580	**16,845**	2,460	*14.60%*	7,474.62	3,868.75	**11,343.37**	10,763.02	**94.88%**
				PREVIOUS	14.60%				***PREVIOUS***	***94.06%***

**TAKEN OVER BY LADADIOS BUILDERS BUT YET TO START*

** ONGOING AT BASEMENT & GROUND FLOOR*

PREPARED BY:

AR. RANDY A. DE TOMAS
ARCHITECTURAL COORDINATOR

ARCHITECTURAL WORKS – FIT OUT

Progress as of July 16, 2021

LEVEL	DOORS		ALL	OK	% BY FLR	RMD WALL CLADDING		ALL	OK	% BY FLR
	FRAME/LEAF	HARDWARE				HALLWAY	ROOMS			
BF	50	50	70	50	71.43%	0	0	0	0	0.00%
GF	65	65	111	65	58.56%	320	80	400	80	20.00%
2F	215	215	236	215	91.10%	320	0	320	0	0.00%
3F	120	120	166	120	72.29%	575	0	575	0	0.00%
4F	92	92	170	92	54.12%	575	0	575	0	0.00%
5F	117	117	127	117	92.13%	825	725	1550	1475	95.16%
6F	122	122	126	122	96.83%	825	725	1550	1475	95.16%
7F	121	121	126	121	96.03%	825	725	1550	1475	95.16%
8F	117	117	117	117	100.00%	825	725	1550	1475	95.16%
9F	85	85	120	85	70.83%	0	0	0	0	0.00%
10F	27	27	32	27	84.38%	0	0	0	0	0.00%
HP	0	0	0	0	NA	0	0	0	0	0.00%
TOTAL	1131	1131	**1,401**	1,131	80.73%	5,090.00	2,980.00		5,980	74.10%
				PREVIEOUS	**80.73%**				**PREVIOUS**	74.10%

**TAKEN OVER BY LADADIOS BUILDERS - works done was removal of some installed Doors due to DOH comment & revision*

**TAKEN OVER BY LADADIOS BUILDERS BUT YET TO START*

AS PER CONTRACT *1255*

PREPARED BY:

AR. RANDY A. DE TOMAS
ARCHITECTURAL COORDINATOR

PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City

MECHANICAL WORK PROGRESS

No.	DESCRIPTION		WEIGHT	PREVIOUS	PRESENT	W x %	
1	**PLUMBING WORKS DRAINAGE SYSTEM**		17.00	94.00%	94.00%	15.98%	*Pumps have arrived, currently plumbing works focuses on additional works such as Water supply for landscapes,mop sinks, water filtration lines, canopy drainage etc.*
2	**FIRE PROTECTION**		1.05	94.58%	94.88%	1.00%	*Assembling of accessories that have arrived on site. Pumps and turbines have been assembled, accessories and other parts.*
3	**ELEVATORS**		1.24	87.00%	87.00%	1.08%	*Waiting for arrival of their installer.*
4	**STP**		4.00	90.00%	90.00%	3.60%	*Waiting for power supply droppings*
5	**PRESSURIZATION OF STAIRS/RAMPS/ELEVATORS**		0.15	91.00%	91.00%	0.14%	*80% of the blowers have been installed and delivered on site. Last Monday a new batch of delivery have arrived.*
6	**FRESH AIR**		2.00	83.00%	83.00%	1.66%	*Grills have been installed on 5th 6th 7th 8th and currently ongoing on 4th floor.*
7	**SMOKE CONTROL**		1.80	89.00%	89.00%	1.60%	*80% of the motor have been installed and we are waiting for controllers.*
8	**PNEUMATIC TUBE SYSTEM**		2.00	90.00%	90.00%	1.80%	*Pending*
9	**PLUMBING WORKS WATERLINE SYSTEM**		16.55	95.00%	95.00%	15.72%	*Revisions on other areas due to relocation of some rooms and additional items such as slope sinks.*
10	**MEDICAL GASES**		1.11	85.00%	85.00%	0.94%	*85%. Waiting for Installation of pendants and addiional areas.*
		Phase 3 - Additional Medical Gases GF-4F	0.50	67.00%	72.00%	0.36%	*Ongoing installaton on covid ob/or and ground floor.*
11	**LPG GAS LINE**		5.00	85.00%	85.00%	4.25%	*waiting for the construction of LPG tank farm*
12	**DIETARY KITCHEN FRESH AIR AND EXHAUST**		4.00	90.00%	90.00%	3.60%	*Waiting for the Delivery of Kitchen Equipments.*
13	**AIR CONDITIONING SYSTEM**		-				Summary of all AC Units
		Chilled Water Line	4.00	90.00%	90.00%	3.60%	*Construction of Make up water supply ongoing. Once this is finish, the Chiller water line system is almost complete and waiting for the installing of final accessories.*
		Ducting Works	3.00	88.00%	88.30%	2.65%	*Ductworks focuses on revisions and installation of grills and droppings.*

	Dx Split Type Units 242 Units	2.00	93.20%	93.20%	1.86%	8th floor. 7th, 6th floor are complete. Waiting for completion of start up at 5th floor.
	Additional AC for Roof deck and Basement	2.50	93.00%	93.00%	2.33%	Waiting for power supply.
	Additional AC for 2F Annex	2.10	94.00%	94.00%	1.97%	1 Unit running and ongoing punchlisting
	Additional AC for 3rd floor to 9th Floor	2.00	92.00%	92.00%	1.84%	Waiting for start up
14	**Kitchen Fire Suppression**	3.00	0.00%	0.00%	0.00%	Awarded last January 7, 2021 - 850,000.00 (Iloilo Gasul)
15	**Water Filtration and RO System**	3.00	75.00%	75.00%	2.25%	As per the contractor, they are waiting for the delivey of pebbles and other ordered materials.
16	**Precision AC at MRI and Other Trane Units**	6.00	96.00%	96.00%	5.76%	Waiting for Power Supply
17	**Toilet Exhaust**	5.00	89.00%	89.00%	4.45%	Few unit remaining to be installed.
18	**Negative and Positive Pressure**	5.00	63.00%	**67.00%**	3.35%	waiting for the dleivery if fans and motors.
19	**Installation of Jet Fan Blowers - Basement**	1.00	0.00%	0.00%	0.00%	Purchase of equipment last 2020 (included in the projected budget). Waiting for quotations.
20	**Water Heaters**	1.00	89.00%	89.00%	0.89%	All patient rooms are complete. Reamaining uninstalled is the central heater and 7 heaters for the scrub up sinks.
LATEST ADDITIONAL WORKS						
21	**Covid Area (6th Floor)**	0.50	0.00%	**50.00%**	0.25%	LDC have Started working and currenly on progress
22	**Covid OR and Covid OB OR Revisions**	0.50	54.00%	**63.00%**	0.32%	Units have been installed. Ducting works have been installed. Negative and positive pressure ongoing.
23	**CSSD Revisions at 2nd Floor**	0.50	0.00%	0.00%	0.00%	Revisions on the NEW CSSD Area
24	**Revisions on Pressurizations and Fire Cabinets at Ramps**	0.50	0.00%	0.00%	0.00%	Due to revisions on ramp, the pressurizations need to be relocated
25	**Revisions at Basement and Ground Floor due to Structural repairs**	1.00	45.00%	45.00%	0.45%	waiiting for structural completion,
26	**Installation of Mop Sinks**	0.50	93.00%	93.00%	0.47%	other areas are waiting for tile works and installation of faucets.
27	**Installation of Water Line from water filtrations**	0.50	83.00%	**85.00%**	0.43%	ongoing .
		100.00			**81.79%**	As of July 16, 2021
			PREVIOUS	80.34%		

PREPARED BY:

ENGR. REX DEFERIA
SITE MECHANICAL ENGINEER
JULY 17, 2021

PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City

POWERHOUSE WORK PROGRESS

No.	DESCRIPTION	WEIGHT	PREVIOUS	PRESENT	w x %	REMARKS
1	Lighting & Power provisions	10.00	100.00%	100.00%	10.00	Done
2	Auxiliary provisions (FDAS, CCTV & Voice/Data)	5.00	98.50%	98.50%	4.93	For installation of device
3	Equipment Positioning/Installation (MVSG,LVSG, Switchgear, Transformers & GENSETS)	15.00	100.00%	100.00%	15.00	Done
4	Equipment Cable termination(MVSG,LVSG, Transformers & GENSETS	20.00	100.00%	100.00%	20.00	Done
5	Service Entrance (Power Cable Layout from MVSG to Electrical Provider post)	15.00	100.00%	100.00%	15.00	Done
6	Powerhouse to Main Building EE rooms (9th to Basement) Cable termination	35.00	97.50%	97.50%	34.13	Cable Pulling and layout from Powerhouse LVSG to hospital EE room 1 is done. Termination of cables to be scheduled.
	OVERALL PROGRESS	100.00			99.05%	As of July 16, 2021

PREVIOUS 99.05%

* Commissioning of 4 Generator Sets without LOAD - 2021.04.17

AR. RANDY A. DE TOMAS
ARCHITECTURAL COORDINATOR

AUXILIARY WORK PROGRESS

No.	DESCRIPTION	WEIGHT	PREVIOUS	PRESENT	w x %	REMARKS
1	BASEMENT	13.72	93.00%	**93.50%**	12.83	*Finalization of layouts prior to device installation.*
2	GROUND FLOOR	8.14	95.50%	**95.75%**	7.79	*Finalization of layouts prior to device installation.*
3	SECOND FLOOR	8.14	97.00%	97.00%	7.90	*Finalization of layouts prior to device installation.*
4	THIRD FLOOR	8.14	97.50%	97.50%	7.94	*Finalization of layouts prior to device installation.*
5	FOURTH FLOOR	8.14	96.50%	96.50%	7.86	*Finalization of layouts prior to device installation.*
6	FIFTH FLOOR	8.14	97.50%	97.75%	7.96	*Finalization of layouts prior to device installation.*
7	SIXTH FLOOR	8.14	97.65%	97.75%	7.96	*Finalization of layouts prior to device installation.*
8	SEVENTH FLOOR	8.14	97.65%	97.75%	7.96	*Finalization of layouts prior to device installation.*
9	EIGHTH FLOOR	8.14	97.75%	97.75%	7.96	*Finalization of layouts prior to device installation.*
10	NINTH FLOOR	7.14	96.50%	96.50%	6.89	*Finalization of layouts prior to device installation.*
11	TENTH FLOOR	4.00	94.00%	94.00%	3.76	*Finalization of layouts prior to device installation.*
12	HELIPAD	-	0.00%	0.00%	-	
13	BMS	10.00	65.00%	65.00%	6.50	*Ongoing Piping & Cabling for provisions of equipments.*
	OVERALL PROGRESS	**100.00**			**93.30%**	*As of July 16, 2021*
			PREVIOUS	*93.18%*		

PREPARED BY:

ENGR. NELSON GAYAPA
SITE ELECTRICAL ENGINEER

ELECTRICAL WORK PROGRESS

No.	DESCRIPTION	WEIGHT	PREVIOUS	PRESENT	w x %	REMARKS
1	BASEMENT	8.14	98.15%	98.20%	8.00	Ongoing Lighting, Power, UPS & Feeder Layout
2	GROUND FLOOR	8.14	99.10%	99.10%	8.07	Ongoing Lighting & Power layout due to revisions.Panel board markingas per updated Panel details and location.c/o ELECTRICAL CONSULTANT/DESIGNER for Updating.
3	SECOND FLOOR	8.14	99.10%	99.10%	8.07	Ongoing Lighting & Power layout due to revisions.Panel board markingas per updated Panel details and location.c/o ELECTRICAL CONSULTANT/DESIGNER for Updating.
4	THIRD FLOOR	8.14	98.75%	98.90%	8.05	Ongoing Lighting & Power layout due to revisions.Panel board markingas per updated Panel details and location.c/o ELECTRICAL CONSULTANT/DESIGNER for Updating.
5	CHILLER SYSTEM AREA	6.14	98.85%	98.85%	6.07	Ongoing Lighting & Power layout due to revisions.Panel board markingas per updated Panel details and location.c/o ELECTRICAL CONSULTANT/DESIGNER for Updating.
6	FOURTH FLOOR	9.14	98.75%	98.75%	9.03	Ongoing Lighting & Power layout due to revisions.Panel board markingas per updated Panel details and location.c/o ELECTRICAL CONSULTANT/DESIGNER for Updating.
7	FIFTH FLOOR	8.14	98.75%	98.90%	8.05	Remaining Cable termination on EE room1 (Jumpers from Panel to Panel)
8	SIXTH FLOOR	8.14	98.75%	98.90%	8.05	Electrical Devices (Lights, Switches & C.O.'s) installation started
9	SEVENTH FLOOR	8.14	98.50%	98.75%	8.04	Remaining Cable termination on EE room1 (Jumpers from Panel to Panel)
10	EIGHTH FLOOR	8.14	98.75%	98.75%	8.04	Electrical Devices (Lights, Switches & C.O.'s) installation started
11	NINTH FLOOR	9.28	98.50%	98.75%	9.16	Ongoing Electrical Installation
12	TENTH FLOOR	5.00	99.25%	99.25%	4.96	Ongoing Electrical Installation
13	HELIPAD	2.00	0.00%	0.00%	-	Design Unavailable c/o ELECTRICAL CONSULTANT/DESIGNER
14	Lightning Arrester & Grounding System	3.29	95.00%	95.00%	3.13	Ongoing Electrical Installation
	OVERALL PROGRESS	**100.00**			**96.73%**	As of July 16, 2021

PREVIOUS 96.64%

PREPARED BY:

ENGR. NELSON GAYAPA

PROJECT PHOTOGRAPHS

UPDATE & REPORT

PROGRESS PHOTOGRAPHS


REAR-RIGHT


FRONT-RIGHT


REAR-LEFT


FRONT-LEFT

EXTERIORS

PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City
ACCOMPLISHMENT REPORT – JUNE / JULY 2021
PROGRESS PHOTOGRAPHS

PARKING AREA / DRIVEWAY

EXTERNAL WORKS

PROGRESS PHOTOGRAPHS

LANDSCAPING

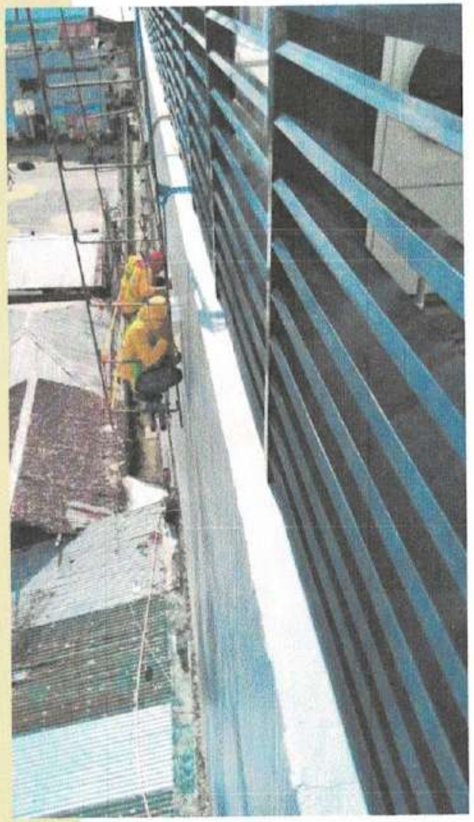
EXTERNAL WORKS

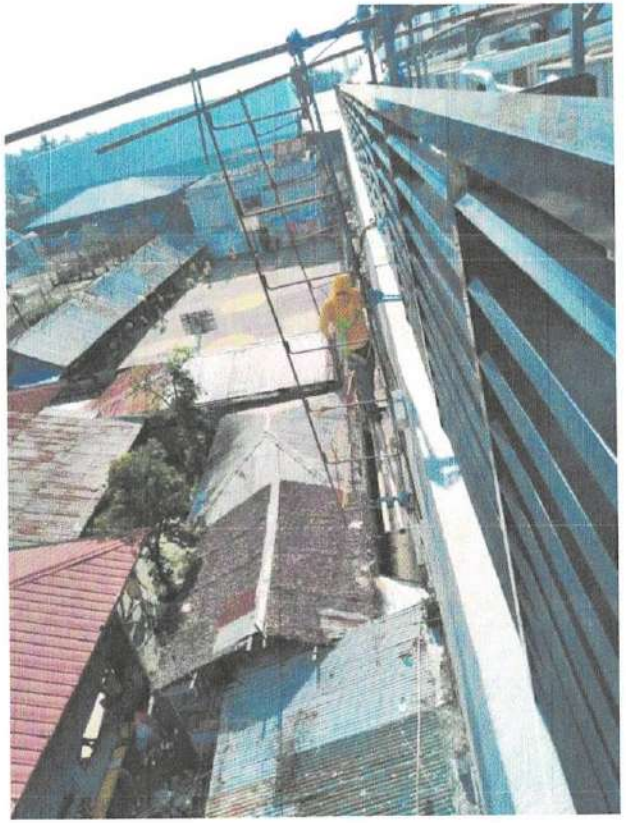
FINAL CONNECTION OF WATER METER

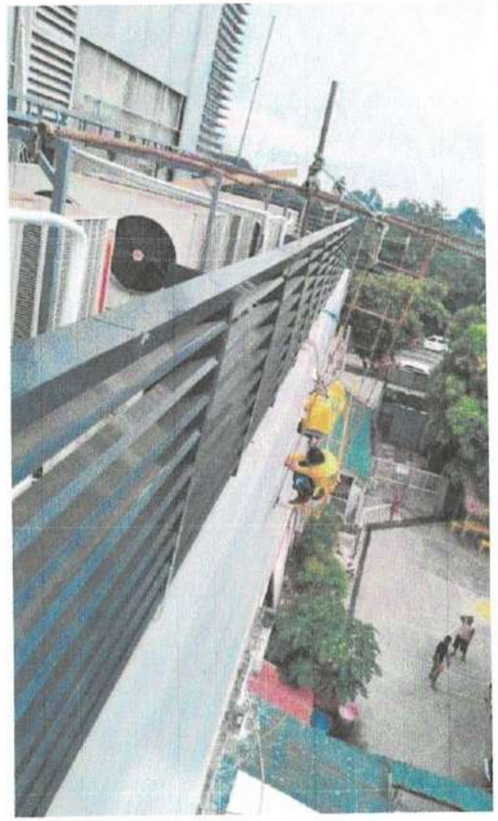
EXTERNAL WORKS

CANOPY GLASS CLEANING

EXTERNAL WORKS

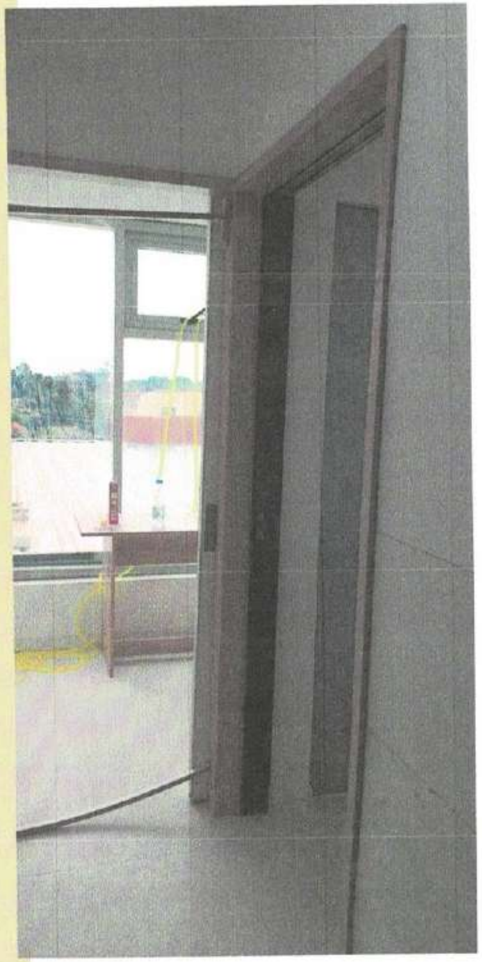






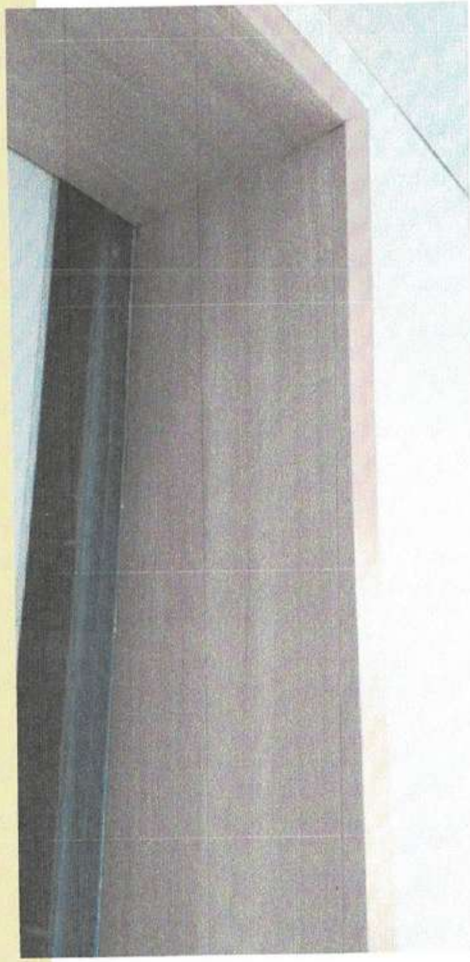
CLEAN-UP OF PERIMETER WALL @ BJMP SIDE

EXTERNAL WORKS



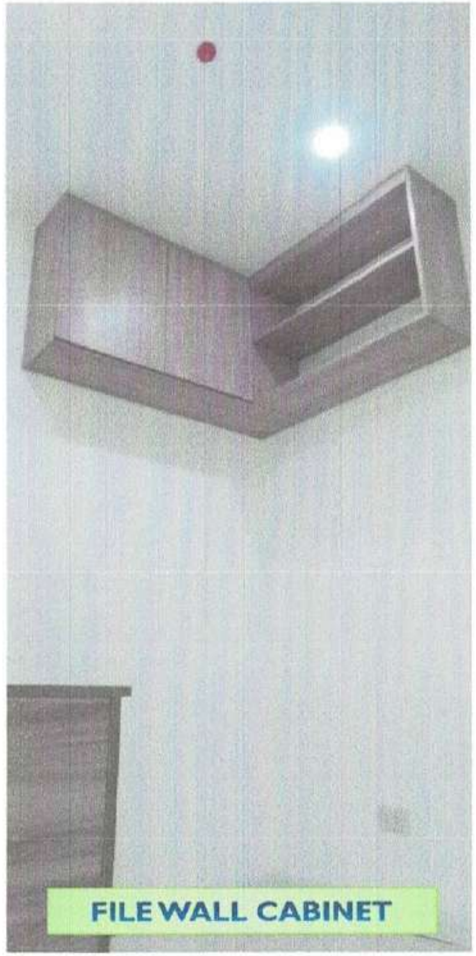
FIT-OUT WORKS

OPD CLINIC - INTERIORS



FIT-OUT WORKS

OPD CLINIC - INTERIORS



OPD CLINIC - INTERIORS

PATIENT AREA

PRESIDENTIAL SUITE

TV WALL

TOILET

PANTRY

PRESIDENTIAL SUITE

PROGRESS PHOTOGRAPHS

BED HEAD

TOILET

TV WALL

JUNIOR SUITE

BED HEAD

VISITOR'S AREA

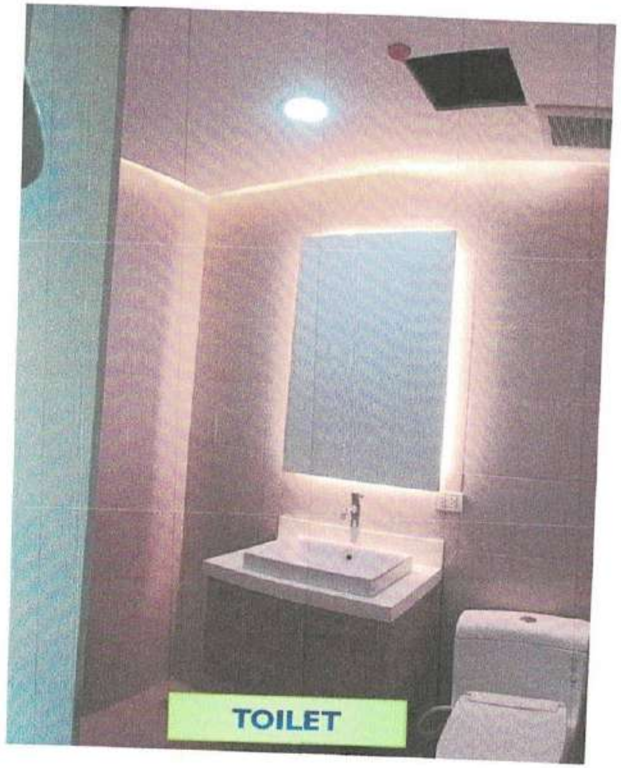
JUNIOR SUITE

BED "A"

BED "B"

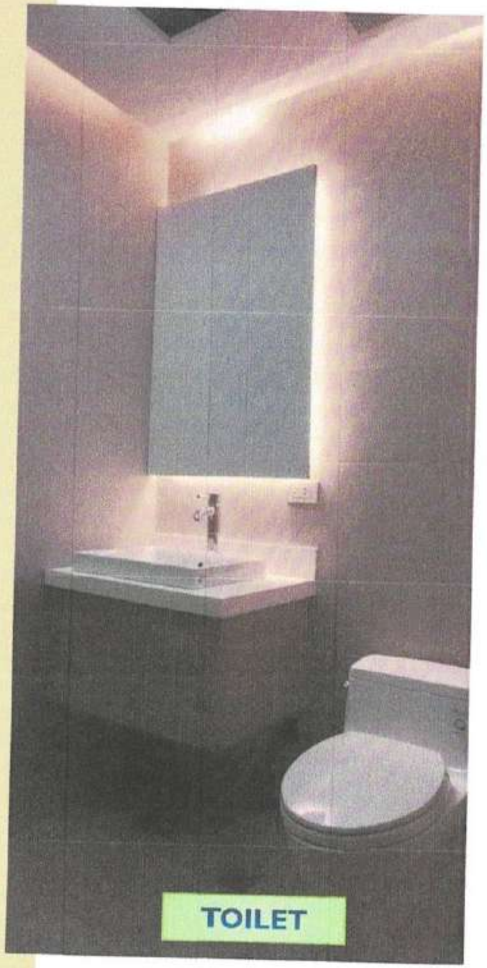
SEMI PRIVATE ROOM

2 BED POSITION



TOILET

SEMI PRIVATE ROOM



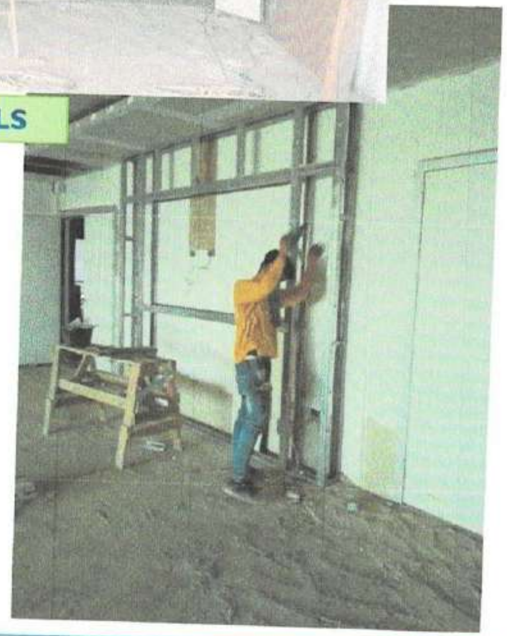
TOILET

BEDHEAD

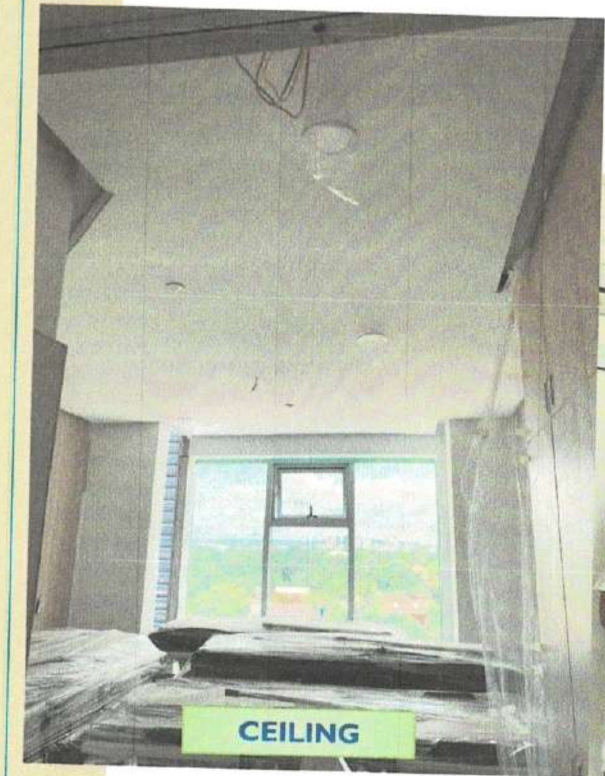
PRIVATE ROOM

PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City
ACCOMPLISHMENT REPORT – JUNE / JULY 2021
PROGRESS PHOTOGRAPHS

CEILING CLOSURE AND WALL PANELS



BOARDROOM



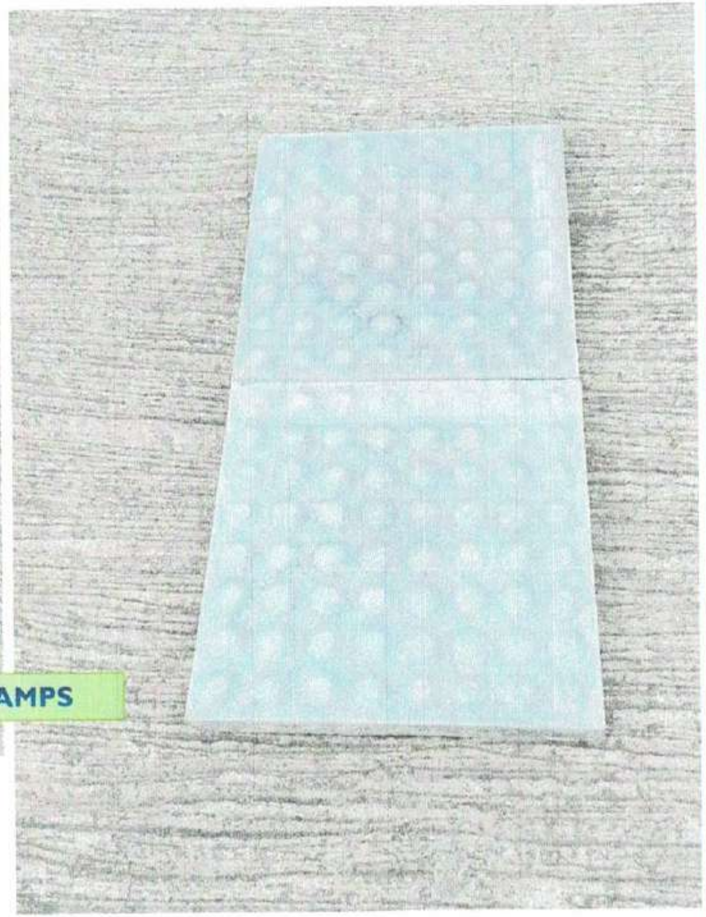
PAINTING WORKS

WALL

CEILING

WALL

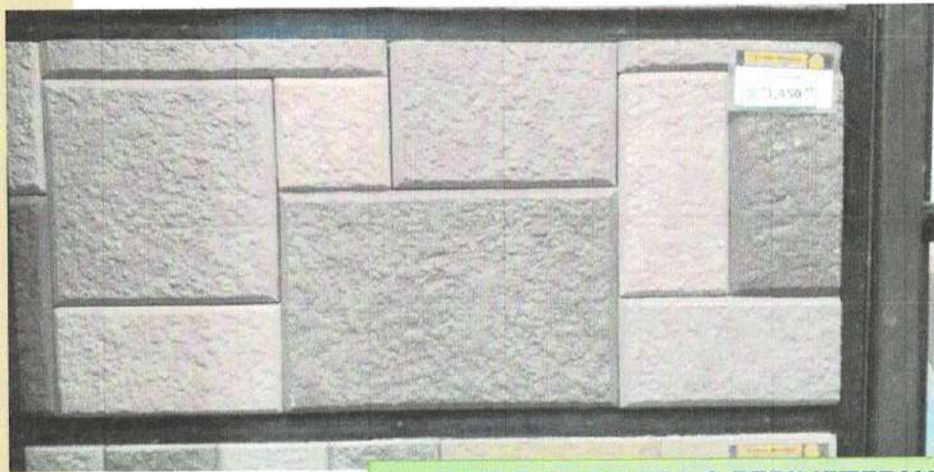
PAINTING WORKS



TILE FOR ACCESS RAMPS

EXTERNAL FINISHES

PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City
ACCOMPLISHMENT REPORT – JUNE / JULY 2021
PROGRESS PHOTOGRAPHS



PWD RAMP WALL & PERIMETER WALLS

EXTERNAL FINISHES

ELECTRICAL AND AUXILIARY WORKS

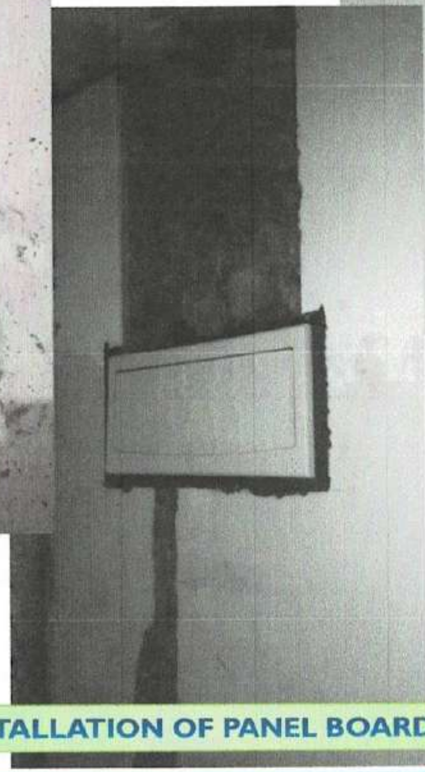
UPDATE & REPORT

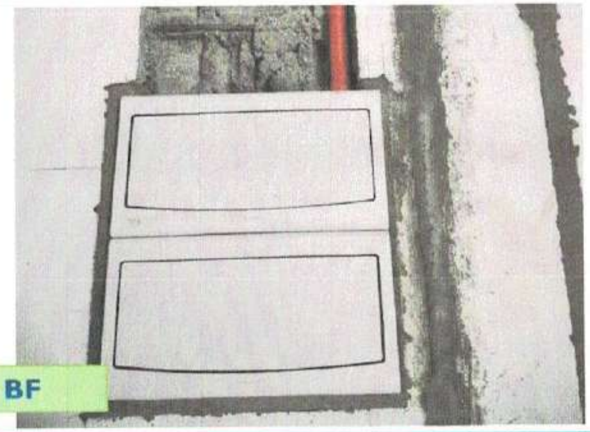
LIGHTING INSTALLATION – 9F

ELECTRICAL WORKS

ASSEMBLY OF UPS BATTERY RACK

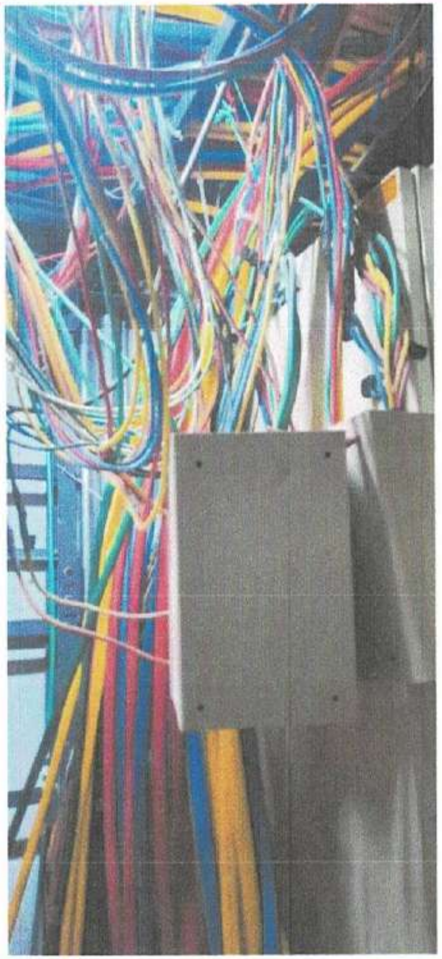
ELECTRICAL WORKS

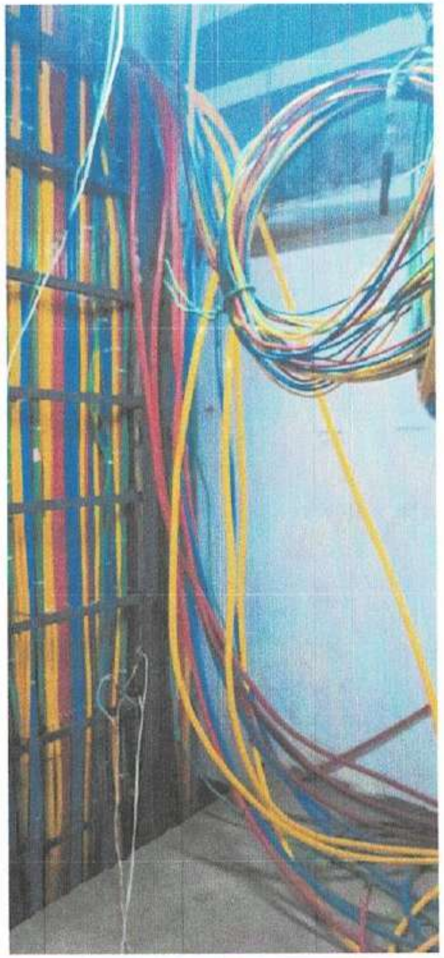




INSTALLATION OF PANEL BOARD - BF

ELECTRICAL WORKS





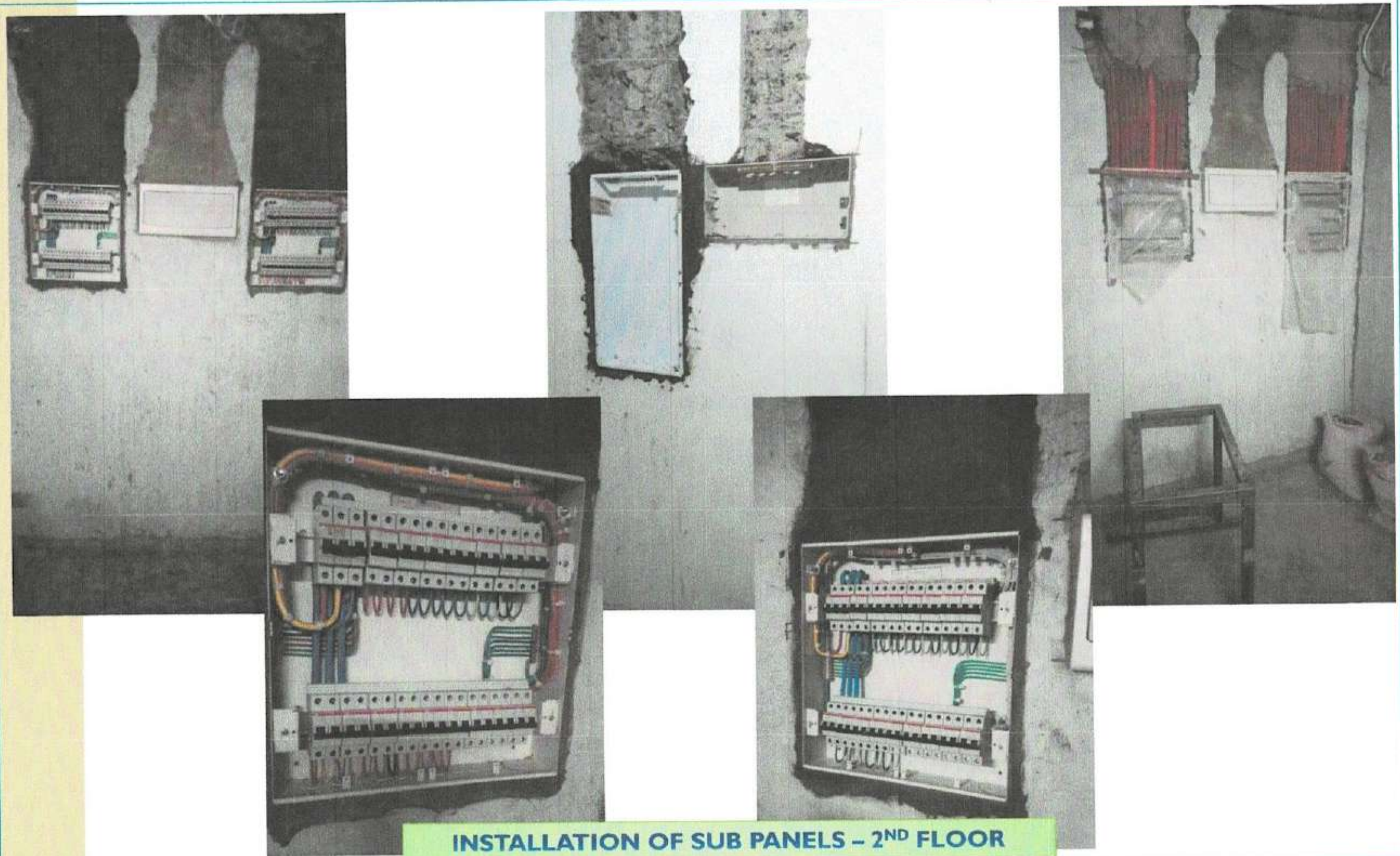
INSTALLATION OF FEEDER LINES FROM POWER HOUSE TO 4TH FLOOR

ELECTRICAL WORKS

PROGRESS PHOTOGRAPHS

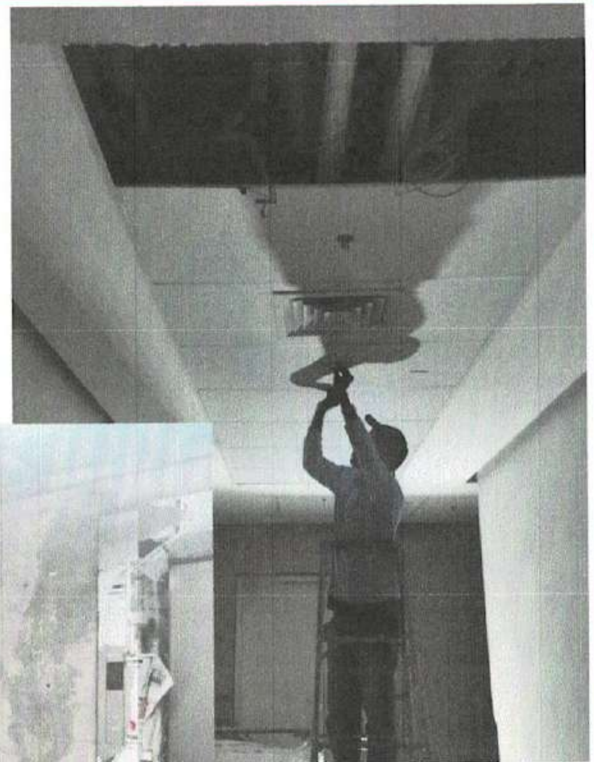
CHILLER PANEL POSITIONING & TRUNKING

ELECTRICAL WORKS



INSTALLATION OF SUB PANELS – 2ND FLOOR

ELECTRICAL WORKS



INSTALLATION OF LIGHTING

ELECTRICAL WORKS

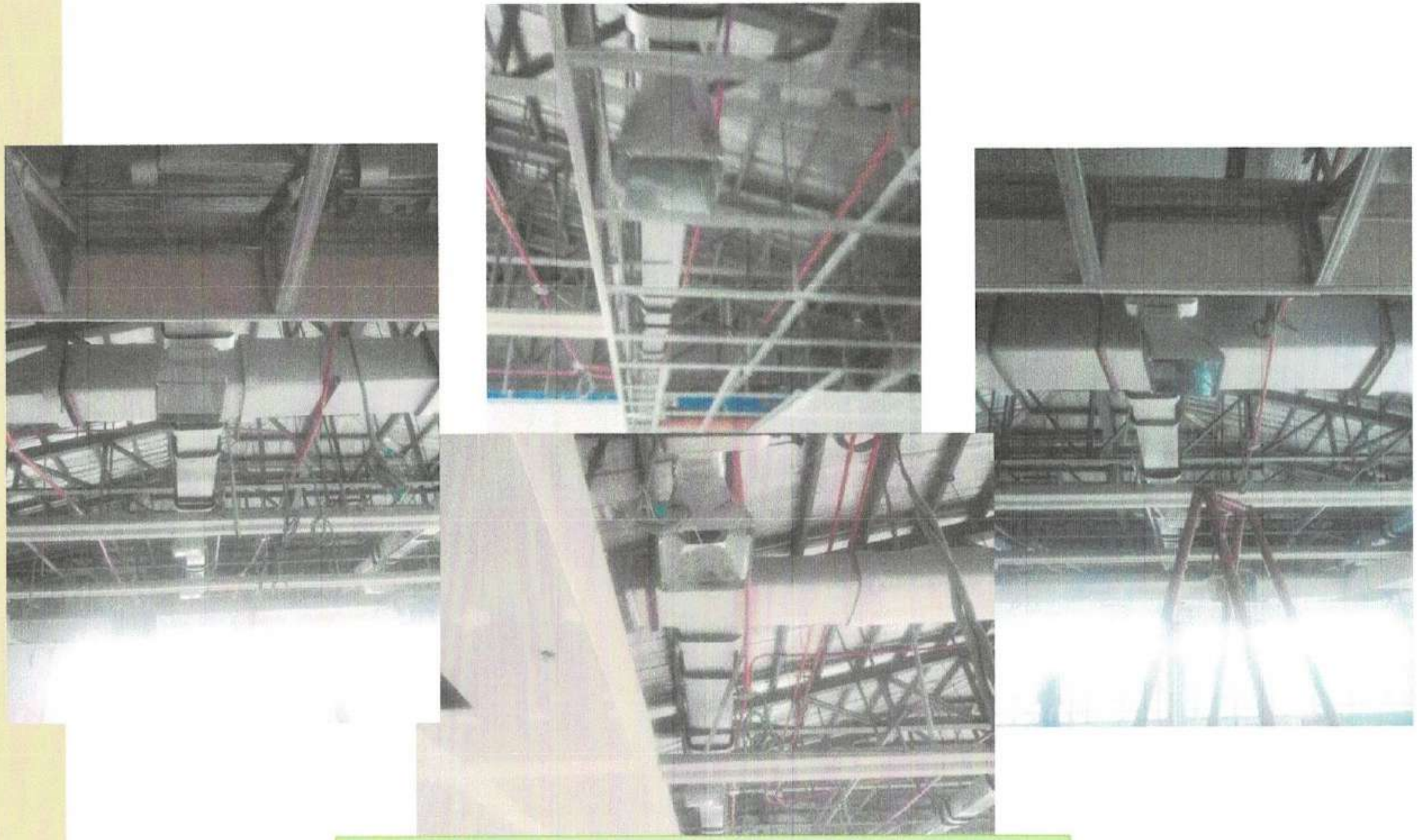
PROPOSED 200-BED HOSPITAL BUILDING
ALLIED CARE EXPERTS MEDICAL CENTER – ILOILO
West diversion Road, Brgy. Ungka 1, Jaro, Iloilo City
ACCOMPLISHMENT REPORT – JUNE / JULY 2021
PROGRESS PHOTOGRAPHS

INSTALLATION OF LIGHTING

ELECTRICAL WORKS

MECHANICAL & PLUMBING WORKS

UPDATE & REPORT

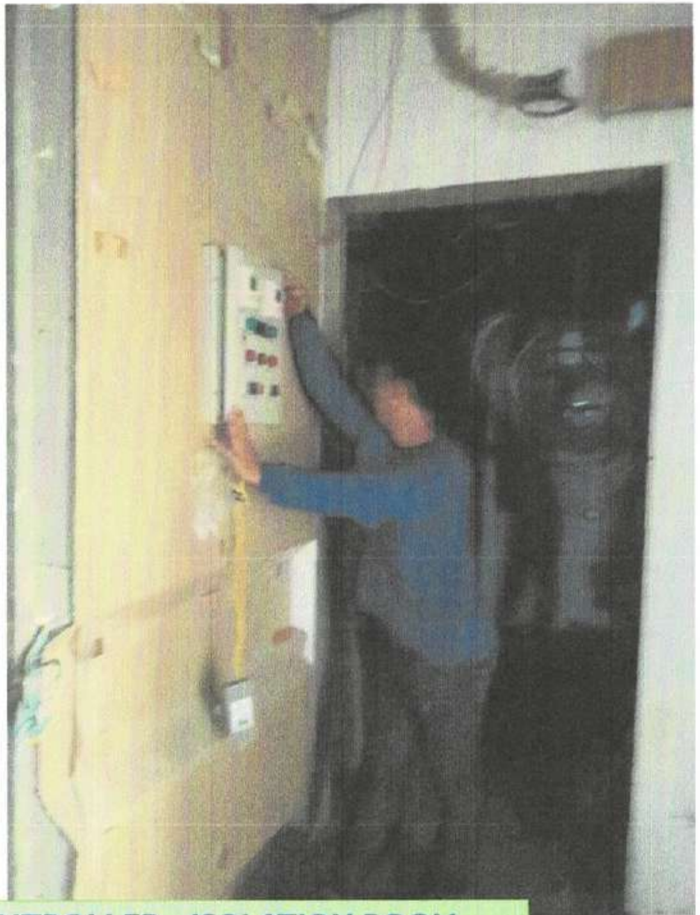


INSTALLATION OF AC DROPPINGS - AUDITORIUM

MECHANICAL WORKS

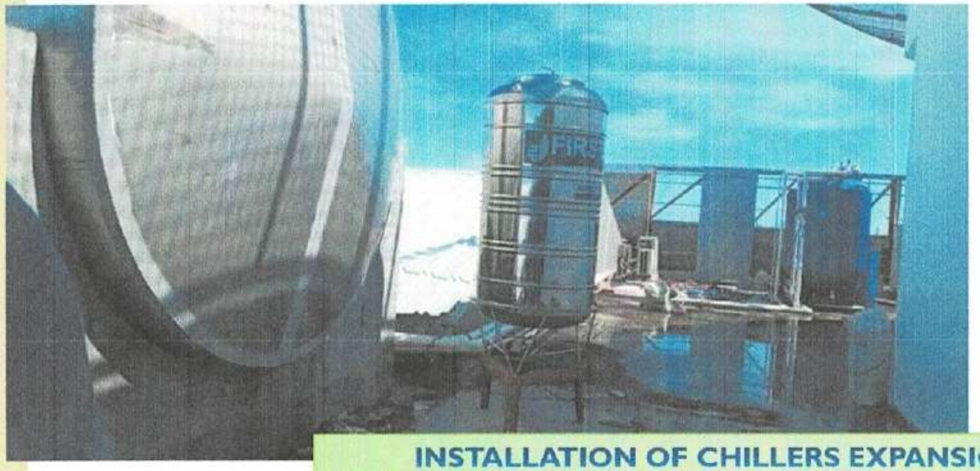
INSTALLATION OF AC DROPPINGS - AUDITORIUM

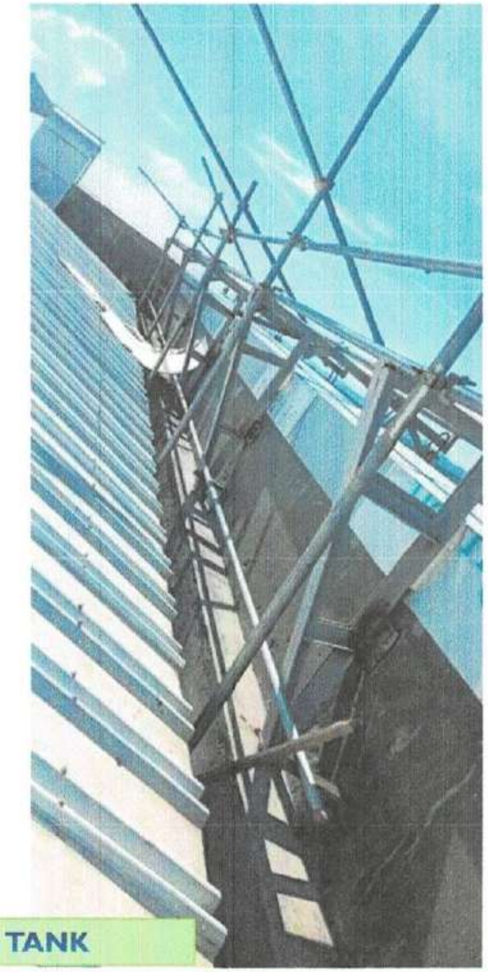
MECHANICAL WORKS



INSTALLATION OF DSPC CONTROLLER – ISOLATION ROOM

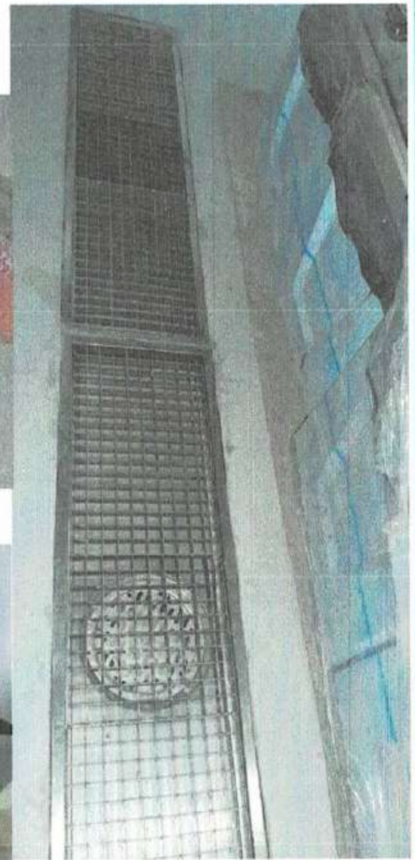
MECHANICAL WORKS





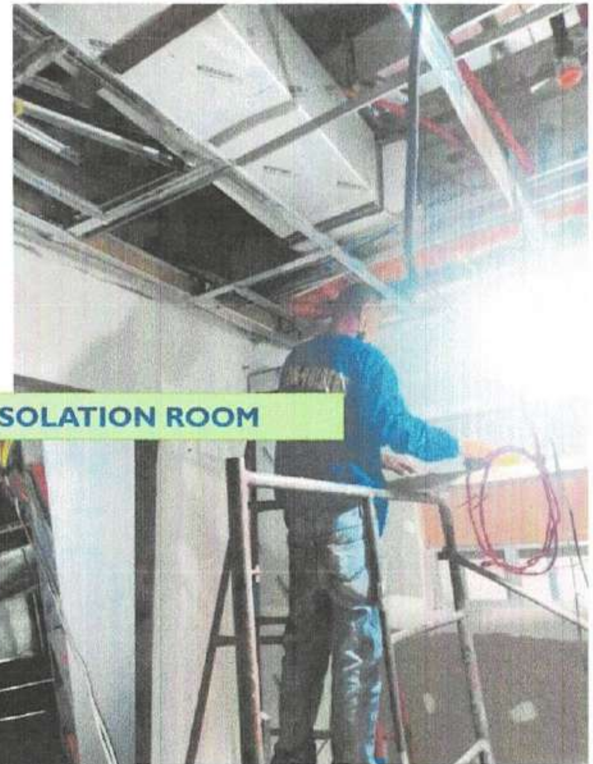
INSTALLATION OF CHILLERS EXPANSION TANK

MECHANICAL WORKS



INSTALLATION OF FLOOR DRAIN – DIETARY AREA

MECHANICAL WORKS



RETURN AND EXHAUST AIR DUCTING AT 6F ISOLATION ROOM

MECHANICAL WORKS

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report is complete and correct.

Signed on 16 JULY 2021.

AR. RANDY A. DE TOMAS

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC.

(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

ANNEX "I"

APMCI List of Stockholders* as of 3 August 2021
(with Voting Rights)

NO.	NAME OF STOCKHOLDER	VOTING SHARES	PERCENTAGE OF OWNERSHIP
	NATURAL PERSONS/INDIVIDUALS		
1	ABECIA, GREG	100	0.043%
2	ANG, JOJO	100	0.043%
3	BARRAMEDA, ROMULO S.	1,900	0.81%
4	BIRON, FERJENEL G.	76,350	32.48%
5	CARLOS, FERNANDO	1,400	0.60%
6	CERNA-LOPEZ GEANIE A.	3,400	1.44%
7	COMUELO, JERUSHA A.	3,400	1.44%
8	CRUZ, MAITA C	2,700	1.15%
9	DATOR COSSETTE	100	0.043%
10	DAULO, SYLVA L.	3,380	1.44%
11	DE CASTRO, MARIA GLORIA T.	1,900	0.81%
12	DE LEON, ROBERTO M.	3,400	1.45%
13	DEBUQUE, MA. TERESA F.	2,040	0.87%
14	DELA ROSA, ESMERALDA V.	2,726	1.16%
15	DIANCO, FELIBERT O.	3,390	1.44%
16	DOMINGO, CARMELO JR.	3,400	1.45%
17	FERNANDEZ, LEMUEL T	2,040	0.87%
18	GATMAYTAN, ISABELLA, MARIE REGINA	50	0.02%
19	GOMEZ, LUSYL M	3,400	1.45%
20	GONZAGA, YOLANDA	100	0.043%
21	GONZALES, NOEL G.	3,400	1.45%
22	GUBATINA, MARIA GERALDINE L.	1,900	0.81%
23	HAYANO, WINDIE V.	2,000	0.85%
24	HOLIPAS, ISMAEL	100	0.043%
25	LABBAO, MARIEL	100	0.043%
26	LAO, ROSELLE D.	50	0.021%
27	LAVALLE, AMADO JR. M.	3,462	1.47%
28	LAVILLA, FRANCINE MARIE D.	300	0.13%
29	LAVILLA, FRANCIS G.	2,500	1.06%
30	LAVILLA, LOU VALERIE D.	300	0.13%
31	LAVILLA, MERIDE D.	3,400	1.45%
32	LAVILLA, MERYLL FAITH D.	300	0.13%
33	MINERVA, IKE T.	3,400	1.45%

34	NOLASCO, FELIX P.	2,350	1.00%
35	NOLASCO, MARIA EULENIA P.	2,350	1.00%
36	ONG, MAY FLOR G.	3,400	1.45%
37	ORILLAZA, GENEROSO M.	3,400	1.45%
38	ORILLAZA, MARISSA A.	3,400	1.45%
39	PATRIMONIO, DEMETRIO	1,900	0.81%
40	PEREZ, MA. GRACE GALLEGA	3,400	1.45%
41	PRIETO, CEASAR	100	0.043%
42	RAMIREZ, RUBEN B,	5,950	2.53%
43	RAMIRO, RONALD L.	3,400	1.45%
44	REGOZO, DANILO C.	3,462	1.47%
45	SALAZAR, MA. IRIS	2,000	0.85%
46	SAMORO, FREDILYN G.	6,800	2.89%
47	SAMORO, RONNIE Z.	3,400	1.45%
48	SAMOY, MARIETTA T.	6,790	2.89%
49	SAQUIAN, JEREMY M.	1,900	0.81%
50	SERDEÑA, JONATHAN	100	0.043%
51	SUPLICO, ROLEX T.	2,000	0.85%
52	SY, WILFREDO SR.	100	0.043%
53	TINGSON, PEDRO JR. F.	1,900	0.81%
54	TONGO, CESAR D.	3,400	1.45%
55	TUPAS, RAUL	50	0.02%
56	VILLAFLOR, AGNES JEAN M.	3,400	1.45%
57	YAP,JERRY	120	0.05%
58	YAP, LAZARINA	100	0.04%
59	ZOZOBRADO, EVANGELINE Y.	3,400	1.45%
	CORPORATE STOCKHOLDERS		
1	THE ROMAN CATHOLIC ARCHBISHOP OF JARO	200	0.085%
2	UNIVERSITY OF SAN AGUSTIN	400	0.17%
			87.50%
	All other investors with less than 50 shares	29,390	12.50%
		235,050	100.000%

N.B
*with 50 shares or more

ANNEX "J"

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SECRETARY'S CERTIFICATE

I, **MAYLENE B. VILLANUEVA**, a duly elected and qualified Corporate Secretary of Allied Care Experts (ACE) Medical Center- Iloilo Inc., a corporation duly organized and existing under and by virtue of the laws of the Philippines, DO HEREBY CERTIFY, that:

1. I am the duly elected, acting, and qualified Corporate Secretary of Allied Care Experts (ACE) Medical Center –Iloilo, Inc., a corporation duly organized and existing under the laws of the Philippines, with principal place of business at Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City 5000 and as such, I have custody and possession of the corporate books and other records of the Corporation, including the minutes of the meetings of the Stockholders and the Board of Directors of the Corporation.

2. The Board of Directors of the Corporation held sixteen (16) meetings during the year 2020,as follow:

Date	Type
January 6, 2020	Regular Board Meeting
February 15, 2020	Regular Board Meeting
March 10, 2020	Special Board Meeting
May 9, 2020	Regular Board Meeting
June 27, 2020	Regular Board Meeting
July 3, 2020	Special Board Meeting
July 31, 2020	Regular Board Meeting
August 28, 2020	Regular Board Meeting
September 14, 2020	Special Board Meeting
September 29, 2020	Regular Board Meeting
October 20, 2020	Special Board Meeting
October 23, 2020	Regular Board Meeting
October 29, 2020	Special Board Meeting
November 14, 2020	Special Board Meeting
November 29, 2020	Regular Board Meeting
December 19, 2020	Regular Board Meeting

3. The attendees of the above-mentioned meetings are listed in Schedule 1 attached hereto;

4. I am issuing this certification to attest to the truth of the foregoing, to certify the completeness of and attendance in the meetings of the Board of Directors of the Corporation for the year 2020, for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I hereunto set my hand on this 26 JAN 2021 __th day of January 2021.

MAYLENE B. VILLANUEVA

Noted by:

FERJENEL G. BIRON, MD
Chairman

SUBSCRIBED AND SWORN TO before me on this 26 JAN 2021 ____ day of _____ 2021 in Quezon City Philippines, affiant exhibiting to me her Passport ID No. P351387A issued on 28th day of June 2017 at DFA Manila.

Doc. No. 447;
Page No. 90;
Book No. VI;
Series of 2021

ATTY. JENNA MARY LEEN L. RENONG
Notary Public for Quezon City
Admin Matter No. 004 (2020-2021)
Attorney's Roll No. 60846; 03-26-12
IBP Membership No. 137511; 01-04-2021; Quezon City
MCLE Compliance No. VI-0028020; April 14, 2022
PTR No. 9341567; 01-04-2021; Quezon City
Commission expires on December 31, 2021

Regular and Special Meetings in 2020

ACEMCI BOARD MEETINGS	REG	REG	SPE	REG	REG	SPE	REG	REG	SPE	REG	SPE	REG	SPE	SPE	REG	REG	Total No. of Meetings Attended by Each Member
	06 - JAN	15- FEB	10- MAR	09- MAY	27- JUNE	03- JULY	31- JULY	28- AUG	14- SEPT	29- SEPT	20- OCT	23- OCT	29- OCT	14- NOV	29- NOV	19- DEC	16
1. FERJENEL G. BIRON	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16
2. GEANNIE A. CERNA-LOPEZ	A	P	A	A	P	A	P	P	P	P	P	A	End of Term	-	-	-	7
3. JERUSHA A. COMUELO	-	-	-	-	-	-	-	-	-	-	-	-	Newly Elected	P	P	P	4
4. FELICISIMO D. DE CASTRO	A	A	A	P	A	A	A	A	A	A	A	A	End of Term	-	-	-	1
5. RICARDO DE LOS TRINOS	A	A	A	A	A	A	A	A	A	A	A	A	End of Term	-	-	-	0
6. FELIBERT O. DIANCO	-	-	Newly Elected	P	P	P	P	P	P	P	P	P	P	P	P	P	14
7. LEMUEL T. FERNANDEZ	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	15
8. LUSYL M. GOMEZ	-	-	-	-	-	-	-	-	-	-	-	-	Newly Elected	P	P	P	4
9. MA. GRACE GALLEGA-PEREZ	-	-	-	-	-	-	-	-	-	-	-	-	Newly Elected	P	P	P	4
10. AMADO M. LAVALLE JR.	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P	15
11. MERIDE D. LAVILLA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16
12. IKE T. MINERVA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16
13. FELIX P. NOLASCO	-	-	-	-	-	-	-	-	-	-	-	-	Newly Elected	P	P	P	4
14. GENEROSO ORILLAZA	P	P	A	P	P	A	P	P	P	P	P	P	End of Term	-	-	-	10
15. RONALD RAMIRO	A	A	A	P	P	A	P	P	P	P	A	P	A	A	P	A	8
16. DANILO REGOZO	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16

17. FREDILYN SAMORO	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16
18. MARIETTA SAMOY	A	A	A	A	P	A	P	P	P	P	P	A	End of Term	-	-	-	6
19. ROLEX T. SUPLICO	-	-	-	-	-	-	-	-	-	-	-	-	Newly Elected	P	P	P	4
20. AGNES JEAN VILLAFLOR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	16
Total no. of Members Present in each Meeting	9	10	9	12	13	9	12	13	13	13	11	11	14	14	15	14	
Percentage of No. of Members Present in Each Meeting	60%	66.66%	60%	80%	86.66%	60%	80%	86.66%	86.66%	86.66%	73.33%	73.33%	93.33%	93.33%	100%	93.33%	

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(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel. No. (033) 321-57-48

2020 BOARD APPRAISAL/PERFORMANCE REPORT

In line with corporate governance best practices and in accordance with the key mandate of the Board of Directors, Asia Pacific Medical Center-Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center – Iloilo, Inc.) formulated a Board Performance Evaluation Criteria to enable the Board to periodically identify overall strengths and specific areas for improvements based on results of assessment , and to obtain important feedback and views from the members of the Board which will serve as one of the basis for the Company's overall strategy , performance and or future directions or endeavors.

The 2020 Board of Directors were asked to evaluate how well the Board has performed for each criterion anchored on its Revised Manual on Corporate Governance such as Structure, Leadership Roles and Responsibilities, Internal Control, Code of Conduct and Other Governance Policies, Independence, Stewardship, Resources, Monitoring, Reporting and Disclosures and Shareholder Benefits and indicate rating using the scale of 1 to 5, (1- Poor, 2- Below Average, 3- Average, 4- Above Average and 5- Excellent). Below is the result of the Self-Assessment conducted by the 2020 BOD based on the aforementioned criteria.

BOARD SELF-ASSESSMENT	Rating
STRUCTURE	
1. The Board has a proper mix of directors with the appropriate skills, knowledge and experience to enable them to effectively participate in Board deliberations.	4.08
2. The Board has a process of selection that ensures an appropriate mix of directors and officers who can perform competently and professionally and add value to the Company.	4.00
3. The powers, roles, responsibilities and accountabilities between the Board and management are clearly defined, segregated and understood.	3.92
4. The Board has the necessary committees in place to assist the Board in the performance of its duties and responsibilities.	4.08
5.The roles of the Chairman and the CEO are separate or, if not there are adequate checks and balances to help ensure that independent, outside views, perspective, and judgments are given proper hearing in the Board.	3.69
LEADERSHIP ROLES AND RESPONSIBILITIES	
6. The Board, together with the Management determines and periodically reviews the Company's purpose, vision, mission and strategic objectives and business plans and policies that guide and direct activities of the Company, and the means to attain the same.	3.62
7. The Board oversees management's implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, operational budgets, plans and policies.	3.85

8. The Board regularly and periodically monitors the Company's corporate performance against such strategic objectives and business plans	3.62
9. The Board provides oversight with regard to enterprise risk management and Identifies key risk areas and key performance indicators and monitor these factors with due diligence.	3.77
10. The Board adopts and decides on Company's governance principles, model/framework, guideline and practices and oversees the implementation thereof.	4.08
11. The Board ensures that the Company complies with all relevant laws and regulations and endeavors to adopt accepted best business practices.	*4.38*
12. The Board approves objectives and policies for Company's social, community and environmental performance.	3.85
13. The Board exercises corporate powers in accordance with the principles of sound corporate governance, and secures the Company's long-term viability and success.	4.23
INTERNAL CONTROL	
14. The Board has a good understanding of Management's responsibilities in relation to internal control.	4.08
15. The Board ensures the continuing soundness, effectiveness and adequacy of the Company's internal control environment.	4.00
16. The Board ensures that the Company has an internal audit system that can reasonably assure that the Company's key organizational and operational controls are complied with.	3.92
17. The Board ensures that the Company has an independent audit mechanism for the proper audit and review of financial statements by independent auditors.	4.08
CODE OF CONDUCT AND OTHER CORPORATE GOVERNANCE POLICIES	
18. The Board adopts a system of check and balance within the Board and regularly reviews its system of checks and balances for effectiveness.	3.54
19. There is a written Code of Business Conduct and Ethics (the "Code of Conduct") to be followed by the Board, CEO, officers and employees.	4.15
20. There is a formal system to monitor compliance with the Code of Conduct.	3.38
21. The Code of Conduct is communicated, understood and followed by the Board, CEO, officers and employees.	3.92
22. The Code of Conduct provides that there shall be no waiver of any provision of the Code of Conduct in favor of directors or officers, except when expressly granted by the Board and any such waiver must be promptly disclosed to the stockholders.	3.77
23. There is a formal channel established to allow employees to report unethical conduct.	3.62
24. The Board ensures it has and is communicating and implementing a formal conflict of interest policy and it contains guidelines and provisions prohibiting the Company whether directly or indirectly from granting loans to directors and officers.	3.69
25. There are appropriate policies and procedures governing related party transactions.	4.08
26. The Board ensures that the directors are, as required or necessary or upon request of such directors, trained on corporate governance leading practices and principles by competent and recognized experts in the field, which may include institutional training providers accredited or recognized by the Philippine SEC.	4.46
INDEPENDENCE	
27. The Board thinks and acts independently of, and is not unduly influenced by, the CEO and Management.	3.38

28. The Board has a balance of executive and non-executive directors, including independent directors such that no individual or small group of individuals can dominate the Board's decision making.	3.54
STEWARDSHIP	
29. The Board ensures that the company has a delegation of authorities document(s) and system(s) governing approval and reporting limits and levels, including its own delegated authority levels to the Board Committees and the CEO.	4.00
30. The Board maintains close oversight and operations and financial aspects of the Company.	4.08
31. The Board approves strategic financial and non-financial objectives and policies and monitors the achievement thereof against approved targets/performance to ensure the efficiency and effectiveness of the Company.	3.92
32. The Board ensures the recruitment and retention of high potential and high performance key employees (through the CEO and Management)	4.00
33. The Board ensures that there is a professional development programs for employees and officers and provides for a succession plan for senior management that the Board reviews.	3.77
RESOURCES	
34. The Board members have access to Management and independent professional advice to enable them to discharge their duties	3.77
35. The Corporate Secretary has the primary role of supporting the Board and chairperson.	4.31
MONITORING – MEETINGS	
36. The Board schedules and holds regular meetings and convenes special meetings when required by business exigencies.	4.85
37. At least one independent director is always in attendance in all Board meetings.	4.85
38. The Board holds sessions with the non-management/non-executive and independent directors (excluding management/executive directors) at least once a year and as such other times as the Board may deem necessary or appropriate.	3.69
39. There is active solicitation of views and opinions of the members of the Board in the process of arriving at a decision.	4.15
40. The Board uses an annual calendar to plan meetings, address issues and align with planning and reporting cycles.	
41. The Board meetings are duly minuted.	4.77
42. The minutes of Board meetings are clear and useful.	4.62
43. The Board receives in a timely manner the right information it needs to fulfill its responsibilities.	4.08
MONITORING -PERFORMANCE ASSESSMENT	
43. The Board ensures that there are mechanisms to monitor its performance and that of its Committees and individual members.	3.62
44. The Board really knows how well it and its Committees are fulfilling their responsibilities and achieving their objectives.	3.77
45. The Board operates smoothly and effectively as a team.	3.77
46. The Board has its own succession and development plans which reflect the results of performance evaluations.	3.31
47. The Board has an effective ongoing development programs for directors and Board Committee members.	3.54
48. Overall, the Board and the Board Committee are contributing to the success of the Company.	4.08
REPORTING AND DISCLOSURES	
49. The Company has a clear policy on communicating or relating with its various shareholders.	4.08
50. The Board regularly and timely reviews, approves and communicates the financial reports, key corporate activities and other material disclosures and statements of the Company to its stakeholders.	4.00
51. The Board asks probing and informed questions of management about the Company's results of operations and disclosures.	3.62

52. The Board promotes and ensures a culture of openness and transparency in the Company.	3.69
SHAREHOLDER BENEFITS	
53. The Board Ensures that the Company has an existing mechanism which promotes stockholders' rights,	4.08
54. The Company has in place an investor relations program that will keep stockholders and investors informed of important developments in the Company.	4.46
55. The Board ensures that the Company implements steps to facilitate stockholders' participation in annual or special meetings of stockholders.	4.62
56. The Board ensures that the Company timely provides stockholders with relevant and timely information prior to such meetings.	4.38
57. The Board ensures transparency and fairness in the conduct of stockholders meetings.	4.23
58. The Chairman of the meeting of stockholders gives stockholders an opportunity to raise their concerns or questions in relating in the items in the agenda of the meeting.	4.38

This is to certify that the ratings in this appraisal/performance report are true and correct results of the self-assessment made by 2020 Board of Directors.

MAYLENE B. VILLANUEVA
Corporate Secretary and Compliance Officer
3 August 2021

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

ANNEX "L"

DIRECTOR COMPENSATION REPORT

COMPENSATION FOR YEAR 2021

(as of 30 June 2021)

NAME	YEAR	SALARY	BONUS	OTHER COMPENSATION (per diem and other allowances)
1. BIRON, FERJENEL G.	2021	600,000.00	50,000.00	0
2. LAVALLE, AMADO JR. M.	2021	210,000.00	17,500.00	0
3. SAMORO, FREDILYN G.	2021	210,000.00	17,500.00	0
4. VILLAFLOR, AGNES JEAN M.	2021	210,000.00	17,500.00	0
5. GOMEZ, LUSYL M.	2021	150,000.00	12,500.00	0
6. LAVILLA, MERIDE D.	2021	150,000.00	12,500.00	0
7. COMUELO, JERUSHA A.	2021			0
8. DIANCO, FELIBERT O.	2021			0
9. FERNANDEZ, LEMUEL T.	2021			0
10. GALLEGA-PEREZ, GRACE	2021			0
11. MINERVA, IKE T.	2021			0
12. NOLASCO, FELIX P.	2021			0
13. REGOZO, DANILO C.	2021			0
14. RONALD, RAMIRO L.	2021			0
15. SUPLICO, ROLEX T.	2021			0

Other compensation i.e per diem and other allowances for January to June 2021will be computed and recorded in the second half of the year.

I hereby certify that the information set forth in this report is complete and correct.

AGNES M. VILLAFLOR, MD
Treasurer

Date: 8/4/21

Attested By:

ELMER Z. SAMORO, CPA
Chief Finance Officer

Date: 8/4/21

ASIA PACIFIC MEDICAL CENTER-ILOILO, INC
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
Brgy. Ungka 1, Jaro, Iloilo City 5000
Tel No. (033) 321-57-48

ANNEX "L"

DIRECTOR COMPENSATION REPORT
COMPENSATION FOR YEAR 2020
(as of 31 December 2020)

NAME	YEAR	SALARY	BONUS	OTHER COMPENSATION (per diem and other allowances)
BIRON, FERJENEL G	2020	1,200,000.00	100,000.00	298,000.00
LAVALLE JR., AMADO M.	2020	420,000.00	35,000.00	340,000.00
SAMORO, FREDILYN G.	2020	420,000.00	35,000.00	376,000.00
VILLAFLOR, AGNES JEAN M.	2020	420,000.00	35,000.00	344,000.00
LAVILLA, MERIDE D.	2020	300,000.00	25,000.00	374,000.00
GOMEZ, LUSYL M.	2020	50,000.00	16,666.67	60,000.00
SAMOY, MARIETTA T.	2020	250,000.00	20,833.33	126,000.00
CERNA-LOPEZ, GEANIE A	2020			146,000.00
COMUELO, JERUSHA A.	2020			48,000.00
DE CASTRO, FELICISIMO D.	2020			20,000.00
DELOS TRINOS, RICARDO.	2020			
DIANCO, FELIBERT O	2020			260,000.00
FERNANDEZ, LEMUEL T.	2020			308,000.00
GALLEGA - PEREZ, MA. GRACE	2020			84,000.00
MINERVA, IKE T.	2020			346,000.00
NOLASCO, FELIX P.	2020			20,000.00
ORILLAZA, GENEROSO M.	2020			208,000.00
RAMIRO, RONALD L.	2020			142,000.00
REGOZO, DANILO C.	2020			600,000.00
SUPLICO, ROLEX T	2020			22,000.00

I hereby certify that the information set forth in this report is complete and correct

AGNES M. VILLAFLOR, MD
Treasurer
Date: 8/4/21

Attested By:

ELMER Z. SAMORO, CPA
Chief Finance Officer
Date: 8/4/21

ANNEX "N"

COVER SHEET

C	S	2	0	1	4	2	3	9	5	4

S.E.C. Registration Number

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

(Company's Full Name)

2ND FLOOR IMS BLDG.,
BRGY., BANTUD LUNA
ST., LAPAZ ILOILO

ILOILO CITY 5000

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

MAYLENE B. VILLANUEVA
Contact Person

09175234802
Company Telephone Number

1	2		3	1		17-Q 2nd Quarter(JUNE 2021)		0	4		3rd	Sat
Month			**Day**			**FORM TYPE**		**Month**			**Annual Meeting**	

Fiscal Year

Secondary License Type, If Applicable

M S R D
Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2021**

2. Commission identification number **CS201423954** 3. BIR Tax Identification No: 008-922-703.

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

4. Exact name of issuer as specified in its charter

Iloilo City, Philippines

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

6. Industry Classification Code: [ ] (SEC Use Only)

Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City **5000**

7. Address of issuer's principal office Postal Code

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

9. Former name, former address and former fiscal year, if changed since last report – Not Applicable

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

Title of each Class	Number of Shares Outstanding	Amount of Debt
Founder Shares	600	
Common Shares	234,450	
Debt Outstanding		P 1,016,923,469

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

Yes [ ] No [✓]

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

____________________ ____________________

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements (FS) of the Company as of and for the six months ended June 30, 2021 is incorporated herein. (see Annex A)

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

ACEMC Iloilo has no revenue in the past three fiscal years because it is still in the construction phase. The original plan to operate the hospital in the first half of 2021 was not materialized because of the continuing impact of the pandemic to the corporation. The administrative operations continue with employees put on alternative work arrangements, but no one was dismissed. There were construction and engineering modifications done in the existing building to provide more ideal services to future Covid patients. The construction may have slowed down, but it has never totally stopped. Completion of the building is set on end of this year and operation of the hospital is planned to start on the first quarter of 2022.

In May 2021, the company has applied for a term loan facility with Asia United Bank (AUB), to refinance the remaining construction of the hospital and to acquire the remaining equipment needed for its operation, and to take out the existing loan from Landbank of the Philippines. As of June 2021, final documentary requirements are in process for the approval of this loan.

To further satisfy the cash requirements to meet the administrative and general expenditures of the soon to open hospital, the company will continue to implore strategic marketing plans to sell the remaining securities. As of June 2021, there are still 4950 shares of securities from it public offering for sale.

Significant hospital equipment yet to be paid/acquired are the Diagnostic and Laboratory Machines, and equipment of the Dialysis Unit, Ophthalmology Unit, Endoscopy Unit and ambulance.

The company will be employing six hundred ninety four (694) employees as it commences its operation in the first half of 2022.

Management Discussions and Analysis (MD&A) or Plan of Operations

RESULTS OF OPERATIONS (June 30, 2021 vs June 30, 2020)

	For the six months period ended June 30,		Horizontal Analysis		Vertical Analysis	
	2021	2020	Inc./(Dec.)	%	2021	2020
Revenue	0	0	0	0%	NA	NA
Direct Cost	0	0	0	0%	NA	NA
Gross Profit	0	0	0	0%	NA	NA
Other Income	20,421	61,862	(41,441)	-66.99%	NA	NA
Gross Income	20,421	61,862	(41,441)	-66.99%	NA	NA
General and Admin Expenses	(8,861,013)	(9,935,539)	(1,074,526)	10.81%	NA	NA
Loss From Operations	(8,840,592)	(9,873,677)	(1,033,085)	10.46%	NA	NA
Finance Cost	(4,718,067)	(6,697,912)	(1,979,845)	29.56%	NA	NA
Loss Before Income Tax	(13,558,659)	(16,571,589)	(946,760)	5.71%	NA	NA
Income Tax Expense	0	0	0	0.00%	NA	NA
Net Loss for The Year	(13,556,660)	(16,571,589)	(3,012,929)	18.18%	NA	NA
Less: Other Comprehensive Loss for the Year	0	0	0	0.00%	NA	NA
Net Comprehensive Loss for the Year	**(13,556,660)**	**(16,571,589)**	(3,012,929)	18.18%	NA	NA

	For the years ended December 31,		
	2020	2019	2018
Revenues	0	0	0
Direct costs	0	0	0
Gross profit	0	0	0
Other income	107,317	97,953	137,975
Gross income	107,317	97,953	137,975
General and administrative expenses	(29,646,352)	(25,904,499)	(18,944,150)
Loss from operations	(29,539,035)	(25,806,546)	(18,806,175)
Finance cost	(13,830,175)	(11,456,490)	0
Loss before income tax	(43,369,210)	(37,263,036)	(18,806,175)
Income tax expense	0	0	0
Net loss for the year	(43,369,210)	(37,263,036)	(18,806,175)
Add (deduct) comp income (loss)	0	0	0
Net comprehensive loss for the year	**(43,369,210)**	**(37,263,036)**	**(18,806,175)**
Total Resources	**1,747,456,180**	**1,488,628,779**	**1,059,181,296**

Other Income

Other income decreased by 41.4K. Mostly, other income is comprised of interests from bank accounts, which usually these are dependent on the balances of the accounts maintained.

Expenses

General and Administrative Expenses

Administrative Expenses is at least P1.07M lower than what was in the same period in 2020. Among those that were controlled in terms of expenditures are Rentals Expenses that was lower by 93%, Traveling expenses (95% down), Utilities (100% down), and professional and legal fees that was lower by P408K (34%).

The miscellaneous fees increased by P237K. This is mainly due to the expenses for the upcoming ASM in August 2021.

GENERAL & ADMINISTRATIVE EXPENSES (June 30, 2021 vs June 30, 2020)

	For the 6-Month Period Ended		Horizontal Analysis	
	June 30, 2021	June 30, 2020	Inc./(Dec.)	%
Salaries and Allowances	4,986,156	5,016,958	(30,802)	-1%
Seminars and Trainings	64,880	0	64,880	0%
Board Meetings and Meals	17,963	20,337	(2,374)	-12%
Professional Fees and Legal Fees	808,853	1,217,632	(408,779)	-34%
Security Services	925,941	680,084	245,857	36%
Taxes and Licences	177,319	685,424	(508,105)	-74%
Insurance Expense	807,759	382,444	425,315	111%
Utilities	0	350,751	(350,751)	-100%
SSS, PHIC, and HDMF Contributions	291,465	268,833	22,632	8%
Depreciation Expense	244,965	182,439	62,526	34%
Amortization of Intangible Asset	16,667	0	16,667	0%
Transportation and Travel	19,173	356,920	(337,747)	-95%
Rentals	30,152	403,600	(373,448)	-93%
Office Supplies	93,328	129,918	(36,590)	-28%
Advetising and Marketing Expenses	9,547	200,000	(190,453)	-95%
Postage and Communications	78,215	0	78,215	0%
Web Hosting	15,000	0	15,000	0%
Repairs and Maintenance	9,479	13,535	(4,056)	-30%
Miscellaneous	264,150	26,664	237,486	891%
TOTALS	**8,861,013**	**9,935,539**	(1,074,526)	-11%

Loss for the Period

As of end of June 2021, the company recorded a loss of P13.5M. This brings the total loss to a total of P124.2M. It must be noted that the hospital is not yet operational, thus, no income has been generated yet.

FINANCIAL CONDITION (June 30, 2021 vs June 30, 2020)

ASSETS	June 30, 2021	June 30, 2020	Horizontal Analysis Inc./(Dec.)	Horizontal Analysis %	Vertical Analysis 06/30/2021	Vertical Analysis 06/30/2020
CURRENT ASSETS						
Cash	3,756,562	13,651,937	(9,895,375)	-72.48%	0.21%	0.85%
Receivables - Others	5,190,088	26,003	5,164,085	19859.90%	0.28%	0.00%
Unused Office Supplies	24,570	0	24,570	0.00%	0.00%	0.00%
Advances to Related Party	35,595,773	163,423,514	(127,827,741)	-78.22%	1.95%	10.17%
Advances to Contractors	47,767,474	50,455,037	(2,687,563)	-5.33%	2.61%	3.14%
Advances to Suppliers	3,376,722	3,515,904	(139,182)	-3.96%	0.18%	0.22%
Prepayments	1,187,802	401,574	786,228	195.79%	0.07%	0.02%
	96,898,991	231,473,968	(134,574,977)	-58.14%	5.30%	14.41%
NON-CURRENT ASSETS						
Property and Equipment (net)	417,925,316	280,285,985	137,639,331	49.11%	22.88%	17.44%
Construction-In-Progress	1,306,992,039	1,089,752,877	217,239,162	19.93%	71.54%	67.82%
Intangible Asset (net)	33,333	0	33,333	0.00%	0.00%	0.00%
Other Non-Current Assets	5,015,171	5,365,000	(349,829)	-6.52%	0.27%	0.33%
	1,729,965,859	1,375,403,862	354,561,997	25.78%	94.70%	85.59%
TOTAL ASSETS	**1,826,864,851**	**1,606,877,830**	219,987,020	13.69%	**100.00%**	**100.00%**

LIABILITY AND EQUITY	June 30, 2021	June 30, 2020	Horizontal Analysis Inc./(Dec.)	Horizontal Analysis %	Vertical Analysis 06/30/2021	Vertical Analysis 06/30/2020
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	102,077,166	78,922,328	23,154,838	29.34%	5.59%	4.91%
Income Tax Payable	0	0	0	0.00%	0.00%	0.00%
Loans Payable to Individuals	26,621,254	75,250,000	(48,628,746)	-64.62%	1.46%	4.68%
Loans Payable to Related Party	11,834,969	0	11,834,969	0.00%	0.65%	0.00%
Notes Payable - Current Portion	19,393,250	14,019,591	5,373,659	38.33%	1.06%	0.87%
	159,926,639	168,191,919	(8,265,280)	-4.91%	8.75%	10.47%
NON-CURRENT LIABILITIES						
Notes Payable - net of Current Portion	856,996,830	781,788,889	75,207,941	9.62%	46.91%	48.65%
Advances from Shareholders	0	64,406,566	(64,406,566)	-100.00%	0.00%	4.01%
	856,996,830	846,195,455	10,801,375	1.28%	46.91%	52.66%
TOTAL LIABILITIES	1,016,923,469	1,014,387,374	2,536,095	0.25%	55.66%	63.13%
EQUITY						
Share Capital (net)	235,050,000	169,830,000	65,220,000	38.40%	12.87%	10.57%
Share Premium	699,091,707	506,504,500	192,587,207	38.02%	38.27%	31.52%
Deficit	(124,200,325)	(83,844,044)	(40,356,281)	48.13%	-6.80%	-5.22%
	809,941,382	592,490,456	217,450,926	36.70%	44.34%	36.87%
TOTAL LIABILITIES AND EQUITY	**1,826,864,851**	**1,606,877,830**	219,987,021	**13.69%**	**100.00%**	**100.00%**

ASSETS

Cash

Cash is the most liquid asset of the company and the most used. During this time when the hospital is finishing, cash is very essential. That is the reason why bank balance for this period is lower than last year. This year, ending balance for cash amounted to P3.7M which is P9.9M lower than last year (72.48% down).

Receivables and Advances from Contractors and Suppliers

The hospital is still being constructed. In the process of construction, the company was able to forge contracts with various suppliers and contractors. In some cases, the company would advance some payments to the contractors and/or suppliers, thus, these accounts. As of the end of June 2021, Receivables and advances made by the company totaled P56.3M.

Unused Office Supplies
In preparation of the opening of the hospital, we have created the unused office supplies to properly account the stationeries and office supplies that we are using in the office and soon for the whole hospital.

Advances to Related Party
The advance to related party account is composed of 2 items. First is the amount advanced to Endure, an indentor, commissioned by the company to facilitate the procurement of its medical and hospital equipment. The second one is under the account of Tip Plus, the provider for the custom-made HIS of the company. The amount advanced to Endure amounted to P32,08M while the amount advanced to Tip Plus is P3.52M.

Prepayments
This is the unused portion of the insurance purchased by the company for the building and equipment. Insurance was originally procured at P1.72M.

Property and Equipment (net)
Total PPEs amount to P417.9M. This is P137M higher than last year's balance. This machines and equipment are now in the hospital ready for use.

Construction in Progress
The building now is 96.73% done. And by that, construction in progress also increased by P217M from June 2020 to this year. Total amount expended so far is P1.306 B.

Intangible Assets
The company temporarily employed XERO for its accounting system. This will eventually be replaced by another system that is custom made for hospital operations.

Other Non-Current Assets
The account stands at P5.015M. This is composed of the following: P5.0M deposit for MORE Power Corporation; P15.0K rental deposit for IMS.

LIABILITIES

Accounts Payable and Other Liabilities
Recorded among the accounts payable of the company as of the end of June 2021 are as follows:

Retention Payable	40,972,747
Accrued Interest Payable	37,525,321
Governmental Liabilities	158,219
Other Payables	22,777,700

This is 29.34% higher than last year's P78.9M.

Loans Payable to Individuals
The account is gradually liquidated. As soon as there is available fund to spare, the founders are being paid for this obligation. At present, the account stands at P38.4M.

Notes Payable
Total financial assistance received from Land Bank of the Philippines as of date totaled P876.4M.

Loans Payable to Related Party
In June 2021, the company borrowed money from Phil Pharmawealth Inc. amounting to P11.83M. This loan will be paid within the year.

Advances from Shareholders
Paid in full as of end of 2020

EQUITY

Share Capital
Beginning 2019, the company was authorized by SEC to sell securities to the public. This has been a big help to the company, especially in the construction of the hospital. The company's total paid-up capital shares is P235.05M that is equivalent to a sale of 235,050 shares.

Share premium
Share premiums as of end of June 2021 is P699.09M. This is P192.6M (38.02%) higher than the previous year's total of P506.50M.

Deficit
The hospital is not yet operational, thus, no operation income has been recorded. The deficit reflected in the statement of financial condition is due to the expenses incurred by the company in the process of construction.

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Key Performance Indicators

	June 30, 2021	June 30, 2020
LIQUIDITY		
Quick Asset Ratio	**0.59 : 1**	**1.37 : 1**
	The hospital is now 96.73% complete. It is almost finished. The QARatio of the company is a little weak as of this time because the company's resources are being poured into the construction of the hospital to make sure that it finishes as scheduled. This will all change when the hospital operates and generate income for itself.	
Current Ratio	**0.61 : 1**	**1.37 : 1**
	Funds are being utilized to finish the construction of the hospital. It may be noted that the PPEs and the construction in progress increases fast. That is because all of the company's resources are poured into the construction of the hospital which is now about 96.73% complete.	
SOLVENCY		
Debt to Equity Ratio	**1.26 : 1**	**1.71 : 1**
	The debt to equity ratio is used to evaluate the company's financial capabilities. This measures the percentage on how the company finances its operations (in this case construction) whether thru debts or via wholly owned funds. To date, the company's debt to equity ratio improves from year to year. Due to the sale of our securities, the company was able to collect funds to augment the construction of the hospital not just from the loans accorded to us by the bank. This means that our own capital has its share in putting up the hospital and we are not just banking on the assistance that will be provided us via loan.	
PROFITABILITY		
Net Profit Margin **Return on Equity**	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.	

LEVERAGE

	0.56 : 1	**0.63 : 1**
Debt to Asset Ratio	The company's assets are more than enough to cover the obligations of the company. Total debts of the company stand only 56% of the total assets.	
	2.26 : 1	**2.71 : 1**
Asset to Equity Ratio	The figures show a positive mark for the company. Its equity is getting bigger. Continuous selling of securities would surely help better the asset to equity ratio. Hopefully, the opening of the hospital could give a good forward push for the company.	

INTEREST RATE COVERAGE

Interest Rate Coverage Ratio	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues or income

As at June 30, 2021:

1. There are no known material commitments for capital expenditure. But the hospital now is trying to complete its equipment and machineries so as to be ready for the upcoming opening.

2. There are no known trends, events or uncertainties that have had an impact on net operational revenues or income since the hospital has not opened yet.

   The CoVID 19 pandemic is very much around, and it is not expected to end soon. It has affected a lot of lives and businesses. Because of restrictions to travels and gatherings, a lot of transactions have been pending or in worst cases dissolved.

   Though vaccines have been out and a big number of people have already been vaccinated, still, the scare of the pandemic continue to affect everyone, regardless of economic or social or health status. Given this, it may reasonably impact the hospital's revenues when it opens.

   Since the start of the pandemic, hospital admissions, elective surgical operations and outpatient consultations and diagnostic procedures have dropped down. The Pandemic and the stringent protocols of the hospitals in screening patients entering the healthcare facilities, though aimed to mitigate virus transmission, has changed the attitude and practice of the community as regards their sick and well patient family members to go to the hospitals. Nevertheless, the engineering modifications of our hospital to accommodate COVID 19 will indeed answer the need for more ideal rooms for COVID cases and importantly address the safety issues of healthcare workers of the hospital.

   Furthermore, more than 500 doctor-investors of the hospital likely guarantee a stable number of hospital clients once the operations start.

3. There are no seasonal aspects that had a material impact on the results of operations of the Company

4. There are no events or any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company
5. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period
6. The Company is not a party to any lawsuit or claims arising from the ordinary course of business

PART II--OTHER INFORMATION

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

SIGNATURES

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

This document may be executed in any number of actual or electronic copies of counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original.

ATTY. MAYLENE VILLANUEVA
CORPORATE SECRETARY
Date: July 19, 2021

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period

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

PART II--OTHER INFORMATION

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

This document may be executed in any number of actual or electronic copies of counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original.

ELMER Z. SAMORO
CHIEF FINANCE OFFICER
Date: July 19, 2021

ALLIED CARE EXPERTS
ACE
MEDICAL CENTER
ILOILO

Statements of Financial Position

ASSETS	June 30, 2021	June 30, 2020	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 6/30/2021	6/30/2020
CURRENT ASSETS						
Cash	3,756,562	13,651,937	(9,895,375)	-72.48%	0.21%	0.85%
Receivables - Others	5,190,088	26,003	5,164,085	19859.90%	0.28%	0.00%
Unused Office Supplies	24,570	0	24,570	0.00%	0.00%	0.00%
Advances to Related Party	35,595,773	163,423,514	(127,827,741)	-78.22%	1.95%	10.17%
Advances to Contractors	47,767,474	50,455,037	(2,687,563)	-5.33%	2.61%	3.14%
Advances to Suppliers	3,376,722	3,515,904	(139,182)	-3.96%	0.18%	0.22%
Prepayments	1,187,802	401,574	786,228	195.79%	0.07%	0.02%
	96,898,991	231,473,968	(134,574,977)	-58.14%	5.30%	14.41%
NON-CURRENT ASSETS						
Property and Equipment (net)	417,925,316	280,285,985	137,639,331	49.11%	22.88%	17.44%
Construction-In-Progress	1,306,992,039	1,089,752,877	217,239,162	19.93%	71.54%	67.82%
Intangible Asset (net)	33,333	0	33,333	0.00%	0.00%	0.00%
Other Non-Current Assets	5,015,171	5,365,000	(349,829)	-6.52%	0.27%	0.33%
	1,729,965,859	1,375,403,862	354,561,997	25.78%	94.70%	85.59%
TOTAL ASSETS	**1,826,864,851**	**1,606,877,830**	219,987,020	13.69%	**100.00%**	**100.00%**

LIABILITY AND EQUITY	June 30, 2021	June 30, 2020	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 6/30/2021	6/30/2020
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	102,077,166	78,922,328	23,154,838	29.34%	5.59%	4.91%
Income Tax Payable	0	0	0	0.00%	0.00%	0.00%
Loans Payable to Related Party	11,834,969	0	11,834,969	0.00%	0.65%	0.00%
Loans Payable to Individuals	26,621,254	75,250,000	(48,628,746)	-64.62%	1.46%	4.68%
Notes Payable - Current Portion	19,393,250	14,019,591	5,373,659	38.33%	1.06%	0.87%
	159,926,639	168,191,919	(8,265,280)	-4.91%	8.75%	10.47%
NON-CURRENT LIABILITIES						
Notes Payable - net of Current Portion	856,996,830	781,788,889	75,207,941	9.62%	46.91%	48.65%
Advances from Shareholders	0	64,406,566	(64,406,566)	-100.00%	0.00%	4.01%
	856,996,830	846,195,455	10,801,375	1.28%	46.91%	52.66%
TOTAL LIABILITIES	1,016,923,469	1,014,387,374	2,536,095	0.25%	55.66%	63.13%
EQUITY						
Share Capital (net)	235,050,000	169,830,000	65,220,000	38.40%	12.87%	10.57%
Share Premium	699,091,707	506,504,500	192,587,207	38.02%	38.27%	31.52%
Deficit	(124,200,325)	(83,844,044)	(40,356,281)	48.13%	-6.80%	-5.22%
	809,941,382	592,490,456	217,450,926	36.70%	44.34%	36.87%
TOTAL LIABILITIES AND EQUITY	**1,826,864,851**	**1,606,877,830**	219,987,021	13.69%	100.00%	100.00%

ALLIED CARE EXPERTS
ACE
MEDICAL CENTER
ILOILO

Statements of Comprehensive Loss

	For the Quarter Ended	
	June 30, 2021	**June 30, 2020**
Revenue	0	0
Direct Cost	0	0
Gross Profit	0	0
Other Income	20,421	61,862
Gross Income	20,421	61,862
General and Admin Expenses	8,861,013	9,935,539
Loss From Operations	(8,840,592)	(9,873,677)
Finance Cost	4,718,067	6,697,912
Net Loss Before Income Tax	(13,558,660)	(16,571,589)
Income Tax Expense	0	0
Net Loss for The Year	(13,558,660)	(16,571,589)
Other Comprehensive Income/(Loss) for the Year	0	0
Total Comprehensive Loss for the Year	**(13,558,660)**	**(16,571,589)**

ALLIED CARE EXPERTS
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MEDICAL CENTER
ILOILO

Statement of Changes in Equity

	Share Capital	Share Premium	Deficit	Total
EQUITY				
As at December 31, 2017	120,000,000		(11,203,245)	108,796,755
Additional Share Capital	21,000,000			21,000,000
Net Loss for the Year			(18,806,175)	(18,806,175)
As at December 31, 2018	141,000,000		(30,009,420)	110,990,580
Additional Share Capital	27,150,000			27,150,000
Share Premium		226,900,000		226,900,000
Net Loss for the Year			(37,263,036)	(37,263,036)
As at December 31, 2019	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	**13,816,000**			13,816,000
Share Premium		**45,623,727**		45,623,727
Net Loss for the Quarter			**(13,558,659)**	(13,558,659)
As at June 30, 2021	**235,050,000**	**699,091,707**	**(124,200,325)**	**809,941,382**

ALLIED CARE EXPERTS
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MEDICAL CENTER
ILOILO

Statement of Cash Flow

	For the 3 Months ended June 30	
	2021	**2020**
Cash Flows from Operating Activities		
Net Loss before taxes	(13,558,660)	(16,571,589)
Adjustments to reconcile net loss before tax		
to net cash used in operating activities:		
Interest Income	(20,421)	(61,862)
Operating cash flows before changes		
in working capital	(13,579,081)	(16,633,451)
Changes in working capital components:		
Decrease (increase) in current assets:		
Advances to Contractors	(1,161,595)	
Advances to Suppliers	3,645,549	
Advances to related Party	(3,532,570)	125,615,525
Other Receivables	(5,049,436)	(19,357,426)
Unuised Office Supplies	(24,570)	
Prepayments	(973,944)	
Other Assets	57	(209,268)
Increase (decrease) in current liabilities:		
Accounts payable and other liabilities	5,414,850	11,412,257
Net cash provided by/(used in) operations	(15,260,740)	100,827,637
Interest received	20,421	61,862
Net cash provided by/(used in) operating activities	**(15,240,319)**	**100,889,499**
Cash Flows from Investing Activities		
Additions to construction in progress	(91,563,971)	(124,367,909)
Additions to property and equipment (net)	(4,980,340)	(96,509,251)
Intangible Asset	(33,333)	0
Increase in Non-Current Assets		(5,140,000)
Net cash used in investing activities	**(96,577,644)**	**(226,017,160)**
Cash Flows from Financing Activities		
Additional Loan release (Payment of Loan)	0	38,596,000
Proceeds from (payment of) advances		
from shareholders	8,112,752	(196,472,118)
Proceeds from Subscriptions receivable		
Issuance of share capital	13,816,000	1,680,000
Additional paid-in Capital	45,623,727	279,604,500
Net cash provided by financing activities	**67,552,479**	**123,408,382**
Net increase (decrease) in Cash and		
Cash Equivalent	**(44,265,484)**	**(1,719,279)**
Cash and Cash Equivalents, Beg.	48,022,046	15,371,215
Cash and Cash Equivalents, End	**3,756,562**	**13,651,936**

I hereby certify that the information set forth in this report is complete and correct.

ELMER Z. SAMORO, CPA
CHIEF FINANCE OFFICER
July 19, 2021

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

NOTES TO FINANCIAL STATEMENTS

As at June 30, 2021 and June 30, 2020
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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.

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 may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located in 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed by December 2018. However, due to circumstances beyond the control of Management, this was moved to April 2021 in which the hospital is estimated to be fully completed and operational.

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (P), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that re directly affected by the interest rate benchmark reform. A hedging relationship is affected if

the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

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

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.

- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:

    i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;

    ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;

    iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and

    iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

<u>Standards Issued but not yet Effective:</u>

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 1, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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

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

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

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

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

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

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

If not presented separately in the statement of comprehensive income, 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 statement of comprehensive income include(s) such proceeds and cost.

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

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

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

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

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

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

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

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

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

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 future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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

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

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

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

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

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

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

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

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

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

Effective Beginning on or after January 01, 2023

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

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement 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.

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 contacts 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 contacts (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.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Deferred Effectivity

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, *Confirming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, *Leases*, for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, *Investment Property*, has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, *Leases*, and Philippines Interpretation SIC-15, *Operating Leases - Incentives*
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, *Separate Financial Statements)* in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, ***Accounting for step acquisition of a subsidiary in a parent***

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.

b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, *PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

   The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

   2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO- related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

   2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

      a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

      b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, ***Accounting for variable payments with rent review***

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, ***Determining the current portion of an amortizing loan/lease liability***

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, ***PFRS 16, Leases – Determining the Lease Term***

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, *PFRS 16 - Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
1	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of- use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-		• PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

	Transaction	Treatments in the financial statements of Lessor	Old lessor	New Lessee	Basis
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold	• Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.		Recognize as part of the cost of the right-of- use asset.	• PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

PIC Q&A No. 2020-07, *PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed. Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020 • If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed • If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes"

- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed

- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return

- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation. Management is still evaluating the impact of the amendment on the Company's financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

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

Current versus Noncurrent Classification

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

An Asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

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

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

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

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

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and receivable – others as at reporting dates (see Note 6).

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and 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 or loss.

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

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

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

Impairment

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

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

For advances to related party, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognized in the statements of 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 statement of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (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 statement of comprehensive loss.

Offsetting of financial instruments

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

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

Cash

Cash in the statement of financial position comprise of cash in banks and on hand and short-term highly liquid deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Receivable – others has many forms such as advances to contractors and advances to suppliers.

Advances to a related party and loans receivable 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

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 expense as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

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

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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

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

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

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

Impairment of Non-Financial Assets

At each reporting date, the Company 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 measured at par value for all shares issued.

Share premium

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

Deficit

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

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

Revenue from Contracts with Customers

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

has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

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 service income from hospital services nor medical goods since the hospital is still in its construction in progress stage, thus the Company is said to be not in commercial operations as of December 31, 2020.

Revenue Recognition outside the Scope of PFRS 15

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

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

Employee Benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

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

However as at reporting dates, the Company has not yet established a fund retirement benefits plan for its employees since the Company has not yet started its commercial 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Related Party Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss or directly in equity respectively.

Earnings (Loss) per Share

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

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

Provisions and Contingencies

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

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

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

Events After the Reporting Period

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

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

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

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.

Critical Judgments in Applying 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:

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

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Determination of Whether a Lease is a Finance or Operating Lease

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

Operating Lease Commitments – Company as Lessee

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

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, subheadings Provisions and Contingencies.

Key Sources of Estimation Uncertainty

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:

Estimating useful lives of assets

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

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

Categories	Estimated Useful Life
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 June 30, 2021 and 2020, the Company's property and equipment had carrying amountsof ₱419,190,621 and ₱281,065,814, respectively, as disclosed in Note 8. Total accumulated depreciation as at June 30, 2021 and 2020amounted to ₱1,265,305 and 779,829, respectively, as disclosed in Note 8.

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, 2020, and 2019, 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 ₱228 as at December 31, 2020 (see Note 18).

Deferred tax assets with full valuation allowance as at June 30, 2021, December 31, 2020 and 2019 amounted to ₱33,926,963, ₱29,853,239 and ₱19,407,828 respectively (see Note 18).

Estimating allowances for doubtful accounts

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

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

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at March 31, 2021 and 2020, Management believes that there are no expected credit losses in relation to their receivable - others accordingly, no loss allowance was recognized for the year. Total receivable - others as at March 31, 2021 and 2020 amounted to ₱282,021 and ₱ 111,740, respectively.

NOTE 6 - CASH

This account consists of:

	June 30, 2021	June 30, 2020
Cash on hand	**30,000**	33,000
Cash in bank	**3,726,562**	47,989,046
	3,756,562	48,022,046

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

Cash in banks and cash equivalents generally earn interest at the bank's deposit rates. Interest earned from cash in banks amounted to ₱16,322 and ₱61,862 in June 30, 2021 and 2020, respectively, and is presented as part of "other income" in the statements of comprehensive loss.

NOTE 7 - ADVANCES TO CONTRACTORS AND SUPPLIER

This account consists of:

	June 30, 2021	June 30, 2020
Advances to contractors[1)]	**47,767,474**	50,455,037
Advances to supplier[2)]	**3,376,722**	3,515,904
Advances for Liquidation[3)]	**-**	26,002
Other Receivables[4)]	**5,190,088**	-
	56,334,284	53,996,943

[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 represents a 15% down payment made for the acquisition of Healthcare Management Information System.

[3)]Advances for Liquidation represents cash advances to employees for official business transactions.

[4)]Other Receivables represent advance payments for supplier. This will be reversed in three months.

NOTE 8 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at June 30, 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

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Additions	-	119,622	546,500	3,992,943	566,241	-	5,225,306
At end of year	**28,291,630**	**2,714,115**	**292,224,738**	**94,913,981**	**1,039,762**	**6,395**	**419,190,621**
Accumulated depreciation:							
At beginning of year	-	1,018,208	-	-	-	2,131	1,020,339
Depreciation	-	243,899,	-	-	-	1,067	244,966
At end of year	-	**1,262,107**	-	-	-	**3,198**	**1,265,305**
Net carrying value, March 31, 2021	**28,291,630**	**1,452,008**	**292,224,738**	**94,913,981**	**1,039,762**	**3,197**	**417,925,316**

Reconciliation of property and equipment (net) as at June 30, 2020 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Additions	-	171,697	32,179,171	-	-	-	32,350,868
Disposals	-	-	-4	(2,536,875)	-	-	(2,536,875)
At end of year	28,291,630	1,857,574	194,400,918	56,035,776	473,521	6,395	281,065,814
Accumulated depreciation:							
At beginning of year	-	597,213	-	-	-	178	597,391
Depreciation	-	181,373	-	-	-	1,065	182,43
At end of year	-	778,586	-	-	-	1,243	779,829
Net carrying value, March 31, 2020	28,291,630	1,078,988	194,400,918	56,035,776	473,521	5,152	280,285,985

Depreciation on kitchen tools, medical and hospital equipment shall commence when the hospital is in commercial operations.

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, 2020. Advances to related party amounting to ₱32,063,203 (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, 2020 and 2019, 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:

	June 30, 2021	June 30, 2020
Construction in Progress, Deceember (prior years)	1,215,428,067	993,243,626
Additions (six months period)	91,563,972	96,509,251
Construction in Progress, June 2021	1,306,992,039	1,089,752,877

During the development of the hospital building, borrowing costs on interest-bearing loans were capitalized.

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-six percent 73/100 (96.73%).

NOTE 10 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	June 30, 2021	**June 30, 2020**
Retention Payable	40,972,747	34,792,054
Accrued Interest payable	37,525,321	5,051,108
Government Liabilities	801,398	1,276,617
Accrued Expenses	0	507,991
Due to Contractors	0	37,294,558
Other Payables	22,777,700	0
Construction in Progress, June 2021	102,077,166	78,922,328

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

Accrued interest payable refers to interest expense incurred on loans from a bank.

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

Government liabilities pertain to tax withheld from payment to suppliers, employees' compensation and statutory contribution to SSS, PHIC and HDMF.

Accrued expense is 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 June 2020 consist of:

	June 2021	June 2020
Current portion:		
Notes payable – construction-in-progress	**13,905,691**	14,091,591
Notes payable – medical equipment	**5,487,559**	0
	19,393,250	14,091,591
Non-current portion:		
Notes payable – construction-in-progress	**616,867,909**	582,288,409
Notes payable – medical equipment	**240,128,921**	199,500,480
	856,996,830	781,788,889
	876,390,080	795,880,480

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 for building financing. 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% - 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 of hospital building amounted to ₱ 14,159,061 and ₱18,175,299 as at June 30, 2021 and June 30, 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 ₱ 4,718,067 and ₱ 6,697,912 in June 30, 2021 and June 30, 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 were carried out with related parties as at June 30, 2021:

Category	Outstanding Blance	Amount of Transaction	Outstanding Blance	Amount of Transaction	Outstanding Blance	Terms	Condition
Advances to TIPP	0	0	0	3,515,904	3,515,904	Non-Interest Bearing to be collected in Cash	Unsecured, Unguaranteed, not impaired
Advances to Related Party	289,039,039	(256,975,836)	32,063,203	16,000	32,079,203	Non-Interest Bearing to be collected in Cash	Unsecured, Unguaranteed, not impaired
	289,039,039	(256,975,836)	32,063,203	3,531,904	35,595,107		
Loans Payable to Related Party	0	0	0	11,834,969	11,834,969	Interest Bearing to be collected in Cash	Unsecured, Unguaranteed, not impaired
	0	0	0	11,834,969	11,834,969		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have 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. In 2021, we have taken up the Advances made to Tip Plus amounting to P3,515,904.

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 from shareholders

In the special meeting of the Board held last May 7, 2018, the 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.

(c) Loans Payable to Related Party

In June 2021, the company borrowed money from Phil Pharmawealth Corp. amounting to P11.83M. This loan will be paid within the year.

Key Management Personnel Compensation

Key management compensation amounted to ₱ 1,180,000 and ₱ 1,680,000 for the years ended June 30, 2021 and June 30, 2020, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

In 2018, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2018 (see Note 16).

NOTE 14 - SHARE CAPITAL

Details of the Company's share capital as at June 30, 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	234,450	234,450,000
Total subscribed share capital	235,050	235,050,000
Paid-up share capital (net of subscriptions receivable)		
Founder's shares	600	600,000
Common shares	234,450	234,450,000
Total paid-up share capital	235,050	235,050,000

Details of the Company's share capital as at June 30, 2020:

	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	232,230	232,230,000
Total subscribed share capital	232,280	232,280,000
Paid-up share capital (net of subscription receivable)		
Founder's shares	600	600,000
Common shares	169,230	169,230,000
Total paid-up share capital	169,830	169,830,000

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).

For the year 2021, pursuant to the SEC's approval, the Company issued an additional **THIRTEEN THOUSAND EIGHT HUNDRED SIXTEEN (13,816)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱33,334,429.The common share offer price amounted to ₱200,000 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 consists of:

	March 31, 2021	March 31, 2020
Interest income (Note 6)	10,944	34,445
Gain on sale from scraps	4,100	
	15,044	34,445

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

	June 30, 2021	June 30, 2020
Salaries and Allowances	4,986,156	5,016,958
Seminars and Trainings	64,880	0
Board Meetings and Meals	17,963	20,337
Professional Fees and Legal Fees	808,853	1,217,632
Security Services	925,941	680,084
Taxes and Licences	177,319	685,424
Insurance Expense	807,759	382,444
Utilities	0	350,751
SSS, PHIC, and HDMF Contributions	291,465	268,833
Depreciation Expense	244,965	182,439
Amortization of Intangible Asset	16,667	0
Transportation and Travel	19,173	356,920
Rentals	30,152	403,600
Office Supplies	93,328	129,918
Advetising and Marketing Expenses	9,547	200,000
Postage and Communications	78,215	0
Web Hosting	15,000	0
Repairs and Maintenance	9,479	13,535
Miscellaneous	264,150	26,664
TOTALS	**8,861,013**	**9,935,539**

[1)]Decrease in transportation expenses is due to travel restrictions.

[2)]The company terminated its lease contract with Millenium Warehouse and transferred its equipment to the Hospital site in Ungka, Jaro, Iloilo City.

NOTE 17 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space and warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Lease agreement includes payment of security deposit amounting to ₱5,015,000 and ₱280,000 as at March 31, 2021 and 2020, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages.

Total rental expense amounted to ₱20,151 and ₱392,800 in March 31, 2021 and 2020, respectively (Note 16).

During the year, the Company has not renewed the lease agreement for the office space since the administration function of the Company has moved to the construction site of the hospital building.

NOTE 18 - INCOME TAX EXPENSE

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

I. **Regular Corporate Income tax (RCIT)**	June30, 2021	2020	2019
Net loss before income tax	(13,558,660)	(43,369,210)	(37,263,036)
Add (deduct) reconciling items:			
Unrealized forex loss	-	-	179,510
Interest expense arbitrage	-	39,574	40,406
Interest income subjected to final tax	(20,421)	(95,937)	(97,953)
Unrealized forex gain	-	-	-
Net operating loss	(13,579,081)	(43,425,573)	(37,141,073)
Tax rate	**30%**	30%	30%
RCIT	**NIL**	NIL	NIL

II.Deferred Tax Asset

As at December 31, 2020, 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						
2017	2020	8,607,537	-	(8,607,537)	-	-
2018	2021	18,944,150	-	-	-	18,944,150
2019	2022	37,141,073	-	-	-	37,141,073
		64,692,760	**-**	**(8,607,537)**	**-**	**56,085,223**

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	**2025**	**56,085,223**	**43,425,573**	**-**	**-**	**99,510,796**

March 2021	**2026**	**99,510,796**	**13,579,081**		**-**	**113,089,877**

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	**2023**	**-**	**228**	**-**	**-**	**228**

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

	March 31, 2021	2020	2019
NOLCO	**113,089,877**	99,510,796	64,692,760
Tax rate	**30%**	30%	30%
	33,926,963	29,853,239	19,407,828
MCIT		228	-
	33,926,963	29,853,467	
Valuation allowance (Note 5)	**(33,926,963)**	(29,853,239)	(19,407,828)
Deferred tax asset		228	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years period that can be charged against income of the next three taxable years.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since Management believes that the Company will not be able to generate future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented as part of "other non-current assets" in the statements of financial position.

NOTE 19 - CREATE ACT

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax rate from 30% to 20% applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's

2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	228	171	(57)
2. Income tax payable	228	171	(57)
3. Interest expense arbitrage	39,574	31,779	(7,795)

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	June 30, 2021	2020	2019
Loss attributable to ordinary shares	**(13,558,660)**	(43,369,210)	(37,263,036)
Divide by: Weighted average number of ordinary shares outstanding	**235,050**	235,020	231,150
Basic loss per share	**(57.68)**	(184.53)	(161.21)

There are no potential dilutive ordinary shares outstanding as at June 30, 2021, December 31, 2020 and 2019.

NOTE 21 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

Interest rate risk

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

The Company's financial instruments that are interest-bearing are its cash notes payable (Note 6).

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Receivable - others

The Company has no significant concentrations of credit risk on receivable - others. The Company's receivable - others are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's receivable - others.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

June 30, 2021	**1 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and other liabilities*	**102,077,166**	**-**	**102,077,166**
Loans payable to individuals	**38,456,223**	**-**	**38,456,223**
Notes payable	**19,393,250**	**856,996,830**	**876,390,080**
	159,926,639	**856,996,830**	**1,016,923,469**

June 30, 2020	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	77,131,096	-	77,131,096
Loans payable to individuals	75,250,000	-	75,250,000
Notes payable	14,019,591	781,788,889	795,808,480
Advances from shareholders	-	64,406,566	353,043,884
	166,400,687	846,195,455	1,012,596,142

**excluding government liabilities*

NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

	June 30, 2021		June 30, 2020	
Financial Assets	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash & Cash Equivalents*	3,726,562	3,726,562	13,618,937	13,618,937
Advances to Related Party	32,079,869	32,079,869	163,423,514	163,423,514
Receivable - Other	59,850,188	59,850,188	53,996,943	53,996,943
	95,656,619	95,656,619	231,039,394	231,039,394

*excluding cash on hand

	June 30, 2021		June 30, 2020	
Financial Assets	Carrying Value	Fair Value	Carrying Value	Fair Value
Accounts Payabble and Other Liabilities*	101,275,768	101,275,768	77,131,096	77,131,096
Loans Payable to Individuals	38,456,223	38,456,223	75,250,000	75,250,000
Notes Payable	876,390,080	876,390,080	795,808,480	795,808,480
Advances from Shareholders	0	0	64,406,566	64,406,566
	1,016,122,071	1,016,122,071	1,012,596,142	1,012,596,142

*excluding government liabilities

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables – others, accounts payable and other liabilities and loans payable to individuals, their carrying amounts approximate their fair values.

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

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

NOTE 23 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	June 30, 2021	June 30, 2020
Total liabilities	**1,016,923,469**	1,014,387,374
Total equity	**809,941,382**	592,490,456
	1.26 : 1	1.71 : 1

The loan agreement provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 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 date, all covenants and requirements are complied with except for the required financial ratios wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 24 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Philippine Government, as a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization's (WHO) call for global response to combat the outbreak, as well as cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Presently, the full impact of the lingering COVID 19 outbreak continues to evolve as of the date of this report and have threatened to impose its negative impact on the financial condition and results of operations, particularly solvency and liquidity, including the industry workforce and the supply chain.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.
However, since the Company has not started commercial operations, Management, therefore, have ascertained that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on its financial standing or status and that no uncertainties yet, related to going concern may be applicable to the Company.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at June 30, 2021 including its comparative amounts of June 30, 2020, were approved and authorized for issuance by the Board of Directors on July 12, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR) 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS is presented as follows:

Output and Input Value-Added Tax

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

Documentary Stamp Tax

Documentary stamp tax paid by the Company for the period are as follow:

	June 30, 2021
Documentary stamp tax for loans payable charged to taxes and licenses	0
Documentary stamp tax for subscription of shares	22,850
	22,850

Taxes and licenses

Details of the Company's other local and national taxes for the period are as follows:

	June 30, 2021
Documentary stamp tax	22,850
Real property tax	15,119
Notarial fees	8,445
Others	131,904
	178,318

Withholding Taxes

Withholding taxes paid by the Company for the period ended are as follows:

	June 30, 2021
Expanded withholding taxes	1,124,021
Compensation withholding tax	670,482
	1,794,503

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 June 30, 2021.

RR 19-2020 and RR 34-2020

During the year, 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.

* * *

ANNEX "N1"

COVER SHEET

C S 2 0 1 4 2 3 9 5 4

S.E.C. Registration Number

ALLIED CARE EXPERTS (ACE)

MEDICAL CENTER - ILOILO, INC.

(Company's Full Name)

2ND FLOOR IMS BLDG.,

BRGY., BANTUD LUNA

ST., LAPAZ ILOILO

ILOILO CITY 5000

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

MAYLENE B. VILLANUEVA

Contact Person

09175234802

Company Telephone Number

1 2	3 1	17-Q 1st Quarter(MARCH 2021)	0 4	3rd Sat
Month	**Day**	**FORM TYPE**	**Month**	**Annual Meeting**
Fiscal Year				

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. Commission identification number **CS201423954** 3. BIR Tax Identification No: **008-922-703**.

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO, INC.
4. Exact name of issuer as specified in its charter

Iloilo City, Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [   ] (SEC Use Only)

Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City **5000**
7. Address of issuer's principal office Postal Code

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

9. Former name, former address and former fiscal year, if changed since last report – Not Applicable

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

Title of each Class	Number of Shares Outstanding	Amount of Debt
Founder Shares	600	
Common Shares	234,440	
Debt Outstanding		P 982,910,898

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

Yes [ ] No [✓]

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

_______________________ _______________________

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements (FS) of the Company as of and for the nine months ended March 31, 2021 is incorporated herein. (see Annex A)

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

Management Discussions and Analysis (MD&A) or Plan of Operations

RESULTS OF OPERATIONS (March 31, 2021 vs March 31, 2020)

	For the Quarter Ended		Horizontal Analysis		Vertyical Analysis	
	Mar. 31, 2021	Mar. 31, 2020	Inc./(Dec.)	%	2021	2020
Revenue	0	0	0	0%	NA	NA
Direct Cost	0	0	0	0%	NA	NA
Gross Profit	0	0	0	0%	NA	NA
Other Income	15,044	34,445	(19,401)	-56%	NA	NA
Gross Income	15,044	34,445	(19 401)	-56%	NA	NA
General and Admin Expenses	3,914,075	5,997,548	(2,083,473)	-35%	NA	NA
Loss From Operations	(3 899 031)	(5,963,103)	2,064,072	-35%	NA	NA
Finance Cost	0	3,348,956	(3,348,956)	0%	NA	NA
Net Loss Before Income Tax	(3,899,031)	(9,312,059)	5,413,028	-58%	NA	NA
Income Tax Expense	0	0	0	0%	NA	NA
Net Loss for The Year	(3,899 031)	(9,312 059)	5,413,028	-58%	NA	NA
Other Comprehensive Income/(Loss) for the Year	0	0	0	0%	NA	NA
Total Comprehensive Loss for the Period	**(3,899,031)**	**(9,312,059)**	**5,413,028**	**-58%**	**NA**	**NA**

Other Income
The company reports other income in March 31, 2021 amounting to P11K. These are income earned from bank interests. Additional income came from sale of scraps (P4.0K). These are the only income recognized by the company as of the moment because it is not yet operating.

Expenses

General and Administrative Expenses

Though not yet operating, the company already maintains an office to facilitate all the requirements needed in the construction and other things pertinent to the opening and future operations of the hospital, thus the general and administrative expenses. As at the end of March, 2021, the company incurred a total of P3.9M expenses. Compared to the previous year of the same period, This year is 35% lower (P2.083M). During the period, we had less travels and no mass gatherings were allowed. This may have positively affected the decrease in the total expenses.

GENERAL & ADMINISTRATIVE EXPENSES (March 31, 2021 vs March 31, 2020)

	For the Quarter Ended		Horizontal Analysis	
	Mar 31, 2021	Mar 31, 2020	Inc./(Dec.)	%
Salaries and Allowances	2,279,679	2,836,119	(556,440)	-20%
Board Meetings and Meals	17,729	18,997	(1,268)	-7%
Professional Fees and Legal Fees	405,676	916,132	(510,456)	-56%
Security Services	457,756	349,681	108,075	31%
Taxes and Licenses	174,169	486,492	(312,323)	-64%
Insurance Expense	150,147	198,118	(47,971)	24%
Utilities	0	96,182	(96,182)	-100%
SSS, PHIC, and HDMF Contributions	140,567	142,430	(1,863)	-1%
Depreciation	122,426	91,875	30,551	33%
Amortization of Intangible Asset	4,167	0	4,167	
Transportation and Travel	13,591	345,737	(332,146)	-96%
Communication Expenses	42,682	0	42,682	
Trainings and Seminars	30,000	0	30,000	
Postage	2,478	0	2,478	
Rentals	20,151	392,800	(372,649)	-95%
Office Supplies	36,096	67,559	(31,463)	-47%
Advertising Expenses	6,396	40,000	(33,604)	0%
Repairs and Maintenance	7,214	7,025	189	3%
Bank Services	3,150	0	3,150	
Miscellaneous	0	8,402	(8,402)	-100%
TOTALS	**3,914,075**	**5,997,549**	(2,083,474)	-35%

Loss for the Period

The company recorded a loss of P 3.9M at the end of March 2021. Given that the company is not yet operating, it is quite imperative that a loss will be recognized because we are not yet generating income.

FINANCIAL CONDITION (March 31, 2021 vs March 31, 2020)

ASSETS	Mar. 31, 2021	Mar. 31, 2020	Horizontal Analysis		Vertical Analysis	
			Inc./(Dec.)	%	3/31/2021	3/31/2020
CURRENT ASSETS						
Cash	21,431,524	50,556,455	(29,124,931)	-57.61%	1.20%	3.22%
Receivables - Others	6,637,021	111,740	6,525,281	5839.70%	0.37%	0.01%
Unused Office Supplies	11,834	0	11,835		0.00%	0.00%
Advances to Related Party	32,063,203	194,302,686	(162,239,483)	-83.50%	1.79%	12.37%
Advances to Contractors	52,553,346	40,952,770	11,600,576	28.33%	2.94%	2.61%

Advances to Suppliers	7,286,084	3,515,904	3,770,180	107.23%	0.41%	0.22%
Prepayments	63,711	97,515	(33,804)	-34.67%	0.00%	0.01%
	120,046,723	289,537,070	(169,490,347)	-58.54%	6.71%	18.43%
NON-CURRENT ASSETS						
Property and Equipment (net)	416,600,157	252,007,517	164,592,640	65.31%	23.27%	16.04%
Construction-In-Progress	1,248,504,669	1,029,537,806	218,966,863	21.27%	69.74%	65.52%
Intangible Asset (net)	45,833	0	45,833		0.00%	0.00%
Other Non-Current Assets	5,015,228	280,000	4,735,228	1691 15%	0.28%	0.02%
	1,670,165,887	1,281,825,323	388,340,564	30.30%	93.29%	81.57%
TOTAL ASSETS	**1,790,212,610**	**1,571,362,393**	**218,850,217**	**13.93%**	**100.00%**	**100.00%**

LIABILITY AND EQUITY	**Mar. 31, 2021**	**Mar. 31, 2020**	**Horizontal Analysis**		**Vertical Analysis**	
			Inc./(Dec.)	**%**	**3/31/2021**	**3/31/2020**
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	80,109,370	71,647,862	8,461,508	11.81%	4.47%	4.56%
Income Tax Payable	228	0	228		0.00%	0.00%
Loans Payable to Individuals	26,411,220	75,250,000	(48 838,780)	-64.90%	1.48%	4.79%
Notes Payable - Current Portion	19,393,250	17,970,720	1,422,530	7.92%	1.08%	1.14%
	125,914,068	164,868,582	(38,954,514)	-23.63%	7.03%	10.49%
NON-CURRENT LIABILITIES						
Notes Payable - net of Current Portion	856,996,830	763,357,760	93,639,070	12.27%	47.87%	48.58%
Advances from Shareholders	0	116,300,566	(116 300,566)	-100.00%	0.00%	7.40%
	856,996,830	879,658,326	(22 661,496)	-2 58%	47.87%	55.98%
TOTAL LIABILITIES	982,910,898	1,044,526,908	(61 616,010)	-5 90%	54.90%	66.47%
EQUITY						
Share Capital (net)	235,040,000	169,240,000	65,800,000	38.88%	13.13%	10.77%
Share Premium	686,802,409	434,180,000	252,622,409	58.18%	38.36%	27.63%
Deficit	(114,540 697)	(76,584,515)	(37 956,182)	49.56%	-6.40%	-4.87%
	807,301,712	526,835,485	280,850,217	53.24%	45.10%	33.53%
TOTAL LIABILITIES AND EQUITY	**1,790,212,610**	**1,571,362,393**	**218,850,217**	**13.93%**	**100.00%**	**100.00%**

ASSETS

Cash

The most used resources of the company, now that the hospital is almost done, is cash. All the monies coming in from whatever sources are automatically disbursed basically to finance the construction. Comparing to the previous year of the same period, total cash was lower by P29.1M or 57.61%. The company is positive that we can hurdle this challenges to cash and when the hospital opens, things will be different.

Receivables and Advances from Contractors and Suppliers
These are the amounts advanced by the company as down payments to contractors and/or suppliers. These are gradually recovered thru billings as the construction progresses.

Unused Office Supplies
In preparation of the opening of the hospital, we have created the unused office supplies to properly account the stationeries and office supplies that we are using in the office and soon for the whole hospital.

Prepayments
This is the unused portion of the insurance purchased by the company for the building and equipment.

Property and Equipment (net)
To date, the company recorded in its books a total of P416.6M PPEs. This is 6531% higher than the balance reported last year (P252.0M). These equipment and machineries are now at the hospital ready for use in case our doors will be opened to the public.

Construction in Progress
We are nearing the finish line. Building construction is said to be **94.47%** done as of end of March 2021. Total construction cost as of the period stands at P1.25M.

Intangible Assets
The company temporarily employed XERO for its accounting system. This will eventually be replaced by another system custom made for hospital operations.

Other Non-Current Assets
The account stands at P5.015M. This is composed of the following: P5.0M deposit for MORE Power Corporation; P15.0K rental deposit for IMS.

LIABILITIES
Accounts Payable, Income Taxes and Other Liabilities
Recorded among the accounts payable of the company as of the end of March 2021 are as follows:

Retention Payable	38,794,607
Accrued Interest Payable	30,806,165
Governmental Liabilities	1,028,076
Other Payables	9,480,750

This is 18.34% higher than last year's P67.7M.

Loans Payable to Individuals
The account is gradually liquidated. As soon as there is available fund to spare, the founders are being paid for this obligation. To date, 64.9% (P48.8M) have been paid of the amount recorded as payable the previous year.

Notes Payable
Total financial assistance received from Land Bank of the Philippines totaled P876.4M. This is 11.6% higher than last periods P785.3M total.

Advances from Shareholders
Paid in full as of end of 2020

EQUITY
Share Capital
Beginning 2019, the company was authorized by SEC to sell securities to the public. This has been a big help to the company, especially in the construction of the hospital. To date, the

company was able to sell 31,040 of the 36,000 shares it is intending to sell. This is on top of the shares that the founder has subscribed to. Total paid up capital as of quarter end is P235,040M.

Share premium

The shares being sold by the company to the public is sold at a premium. Amounts in excess of par value are considered share premiums. As of the end of March 2021 stands at P686.8M. This is P252.6M higher than what was recorded last March 31, 2020.

Deficit

The deficit reflected in the statement of financial condition is due to the expenses incurred by the company especially that as of now, the hospital is not yet operational and not generating any income other than bank interests.

-

Key Performance Indicators

	March 31, 2021	March 31, 2020
LIQUIDITY		
Quick Asset Ratio	**0.95 : 1**	**1.80 : 1**
	The hospital is in its finishing stage. Given this, most of the resources of the company, especially cash, is being used for construction. This is why the quick asset ratio of the company is reflected only at 95% in March 2021.	
Current Ratio	**0.95 : 1**	**1.80 : 1**
	The current ratio of the company stands at 95%. It means that the company is not liquid enough to cover its current obligations in case the need arise for it to be demanded for payment. But this is because the hospital is almost finishing and usually it is during this time where the company's quick assets are being utilized the fullest. If you check the PPEs and the construction in progress you would notice that it is getting bigger because most of the expenses are directed to these accounts.	
SOLVENCY		
Debt to Equity Ratio	**1.22 : 1**	**1.98 : 1**
	The debt to equity ratio of the company is slowly getting better. Comparing it with the March 2020 data, for every 2 units of loan amount there is 1 unit of equity. Now, the obligation of the company is only a quarter more than 1 unit of equity. It is understandable though because the company is just constructing the hospital and it has always been open that the funding of the construction comes from the loan forged with a local bank. It is important that the debt to equity ratio is sound because it is used to evaluate the company's financial capabilities. This measures the degree of which the company is financing its operations whether thru debts or via wholly owned funds.	
PROFITABILITY		
Net Profit Margin **Return on Equity**	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.	
LEVERAGE		
Debt to Asset Ratio	**0.55 : 1**	**0.66 : 1**
	The company's debt is showed at 55% of its total assets. This figure is getting better as compared to that of the previous year because the percentage of the company's obligation has become smaller. Although we still have to ensure the quality of assets that we have.	

	2.22 : 1	**2.98 : 1**
Asset to Equity Ratio	The figures show a positive mark for the company. Its equity is getting bigger. Continuous selling of securities would surely help better the asset to equity ratio. Hopefully, the opening of the hospital could give a good forward push for the company.	

INTEREST RATE COVERAGE

Interest Rate Coverage Ratio	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues or income

As at March 31, 2021:

1. There are no known material commitments for capital expenditure. But the hospital now is trying to complete its equipment and machineries so as to be ready for the upcoming opening.
2. There are no known trends, events or uncertainties that have had an impact on net operational revenues or income since the hospital has not opened yet.

   The CoVID 19 pandemic is very much around, and it is not expected to end soon. It has affected a lot of lives and businesses. Because of restrictions to travels and gatherings, a lot of transactions have been pending or in worst cases dissolved.

   Though vaccines have been out and a number of folks have already been vaccinated, the scare brought about by the pandemic continue to haunt everyone, regardless of economic or social or health status. Given this, it may reasonably impact the hospital's revenues when it opens.

   Since the start of the pandemic, hospital admissions, elective surgical operations and outpatient consultations and diagnostic procedures have dropped down. The Pandemic and the stringent protocols of the hospitals in screening patients entering the healthcare facilities, though aimed to mitigate virus transmission, has changed the attitude and practice of the community as regards their sick and well patient family members to go to the hospitals. Nevertheless, the engineering modifications of our hospital to accommodate COVID 19 will indeed answer the need for more ideal rooms for COVID cases and importantly address the safety issues of healthcare workers of the hospital.

   Furthermore, more than 500 doctor-investors of the hospital likely guarantee a stable number of hospital clients once the operations start.

3. There are no seasonal aspects that had a material impact on the results of operations of the Company
4. There are no events or any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company
5. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period
6. The Company is not a party to any lawsuit or claims arising from the ordinary course of business

SIGNATURES

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

ATTY. MAYLENE VILLANUEVA
CORPORATE SECRETARY
Date: .May 17, 2021

ELMER Z. SAMORO
CHIEF FINANCE OFFICER
Date: .May 17, 2021

(For two signature Pages)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2021 and March 31, 2020
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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.

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 may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located in 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed by December 2018. However, due to circumstances beyond the control of Management, this was moved to April 2021 in which the hospital is estimated to be fully completed and operational.

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

<u>Statement of Compliance</u>

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that re directly affected by the interest rate benchmark reform. A hedging relationship is affected if

the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

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

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.

- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:

    i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;

    ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;

    iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and

    iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

<u>Standards Issued but not yet Effective:</u>

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 1, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, ***Interest Rate Benchmark Reform – Phase 2***

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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

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

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

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

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

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

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

If not presented separately in the statement of comprehensive income, 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 statement of comprehensive income include(s) such proceeds and cost.

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

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

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

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

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

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

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

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

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

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 future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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

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

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

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

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

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

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

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

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

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

Effective Beginning on or after January 01, 2023

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

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement 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.

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 contacts 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 contacts (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.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Deferred Effectivity

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step* 3 *- Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, *Confirming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, *Leases*, for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, *Investment Property*, has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, *Leases,* and Philippines Interpretation SIC-15, *Operating Leases - Incentives*
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, *Separate Financial Statements)* in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.

b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, *PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) <u>Accounting for ARO at lease commencement date</u>

   The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) <u>Change in ARO after initial recognition</u>

   2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO- related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

   2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

   a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

   b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, ***Accounting for variable payments with rent review***

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, ***Determining the current portion of an amortizing loan/lease liability***

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, ***PFRS 16, Leases – Determining the Lease Term***

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	**Amendment**
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, ***Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed***

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, ***On the accounting of the difference when the percentage of completion is ahead of the buyer's payment***

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, *PFRS 16 - Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
1	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of- use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-		• PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold	• Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.		Recognize as part of the cost of the right-of- use asset.	• PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

PIC Q&A No. 2020-07, *PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed. Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020 • If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed • If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes"

- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed

- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return

- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation. Management is still evaluating the impact of the amendment on the Company's financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

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

Current versus Noncurrent Classification

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

An Asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

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

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

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

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

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and receivable – others as at reporting dates (see Note 6).

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and 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 or loss.

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

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

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

Impairment

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

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

For advances to related party, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

<u>Financial liabilities at fair value through profit or loss</u>

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

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

Gains or losses on liabilities held for trading are recognized in the statements of 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.

<u>Financial liabilities at amortized cost (loans and borrowings)</u>

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the ElR 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 ElR. The EIR amortization is included as "Finance cost" in the statement of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (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 statement of comprehensive loss.

Offsetting of financial instruments

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

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

Cash

Cash in the statement of financial position comprise of cash in banks and on hand and short-term highly liquid deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Receivable – others has many forms such as advances to contractors and advances to suppliers.

Advances to a related party and loans receivable 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

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 expense as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

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

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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

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

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

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

Impairment of Non-Financial Assets

At each reporting date, the Company 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 measured at par value for all shares issued.

Share premium

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

Deficit

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

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

<u>Revenue from Contracts with Customers</u>

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 service income from hospital services nor medical goods since the hospital is still in its construction in progress stage, thus the Company is said to be not in commercial operations as of December 31, 2020.

Revenue Recognition outside the Scope of PFRS 15

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

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

Employee Benefits

<u>Short-term benefits</u>

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

<u>Post-employment benefits</u>

Defined benefit plan

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

However as at reporting dates, the Company has not yet established a fund retirement benefits plan for its employees since the Company has not yet started its commercial 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Related Party Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

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

<u>Current tax</u>

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

<u>Deferred tax</u>

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss or directly in equity respectively.

Earnings (Loss) per Share

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

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

Provisions and Contingencies

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

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

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

Events After the Reporting Period

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

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

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

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.

Critical Judgments in Applying 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:

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

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Determination of Whether a Lease is a Finance or Operating Lease

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

<u>Operating Lease Commitments – Company as Lessee</u>

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

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, subheadings Provisions and Contingencies.

Key Sources of Estimation Uncertainty

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:

Estimating useful lives of assets

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

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

Categories	Estimated Useful Life
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 March 31, 2021 and 2020, the Company's property and equipment had carrying amountsof ₱416,600,157 and ₱252,007,571, respectively, as disclosed in Note 8. Total accumulated depreciation as at March 31, 2021 and 2020amounted to ₱1,142,765 and 689,265, respectively, as disclosed in Note 8.

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, 2020, and 2019, 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 ₱228 as at December 31, 2020 (see Note 18).

Deferred tax assets with full valuation allowance as at March 31, 2021, December 31, 2020 and 2019 amounted to ₱31,026,201, ₱29,853,239 and ₱19,407,828 respectively (see Note 18).

Estimating allowances for doubtful accounts

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

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

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at March 31, 2021 and 2020, Management believes that there are no expected credit losses in relation to their receivable - others accordingly, no loss allowance was recognized for the year. Total receivable - others as at March 31, 2021 and 2020 amounted to ₱282,021 and ₱ 111,740, respectively.

NOTE 6 - CASH

This account consists of:

	March 31, 2020	March 31, 2020
Cash on hand	**30,000**	2,010,880
Cash in bank	**21,401,524**	48,545,575
	21,431,524	50,556,459

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

Cash in banks and cash equivalents generally earn interest at the bank's deposit rates. Interest earned from cash in banks amounted to ₱10,944 and ₱34,445 in March 31, 2021 and 2020, respectively, and is presented as part of "other income" in the statements of comprehensive loss.

NOTE 7 - ADVANCES TO CONTRACTORS AND SUPPLIER

This account consists of:

	2020	2019
Advances to contractors[1)]	**46,605,879**	30,955,691
Advances to supplier[2)]	**7,022,271**	3,515,904
	53,628,150	34,471,595

[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 represents a 15% down payment made for the acquisition of Healthcare Management Information System.

NOTE 8 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at March 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	-	73,329	546,500	2,442,944	714,835	-	3,777,608
At end of year	**28,291,630**	**2,667,822**	**292,224,738**	**93,363,982**	**1,188,356**	**6,395**	**417,742,923**
Accumulated depreciation:							
At beginning of year	-	1,018,208	-	-	-	2,131	1,020,339
Depreciation	-	121,893	-	-	-	534	122,427
At end of year	**-**	**1,140,101**	**-**	**-**	**-**	**2665**	**1,142,766**
Net carrying value, March 31, 2021	**28,291,630**	**1,576,285**	**291,678,238**	**90,921,038**	**473,521**	**4,264**	**416,600,157**

Reconciliation of property and equipment (net) as at March 31, 2020 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Additions	-	144,962	96,036,354	-	-	-	96,181,316
At end of year	28,291,630	1,830,839	163,521,747	58,572,651	473,521	6,395	252,696,783
Accumulated depreciation:							
At beginning of year	-	597,213	-	-	-	178	597,391
Depreciation	-	91,342	-	-	-	533	91,875
At end of year	-	688,555	-	-	-	711	689,266
Net carrying value, March 31, 2020	28,291,630	1,142,284	163,521,747	58,572,651	473,521	5684	252,007,517

Depreciation on kitchen tools, medical and hospital equipment shall commence when the hospital is in commercial operations.

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, 2020. Advances to related party amounting to ₱32,063,203 (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, 2020 and 2019, 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 end of year	**Amount of Transactions**	**As at end of quarter**
	Dec. 31, 2020	**2021**	**Mar. 31, 2021**
Payment to contractors	1,058,999,065	**25,068,339**	**1,084,067,404**
Capitalized borrowing cost	91,215,376	**0**	**91,215,376**
Other related costs	65,213,626	**8,008,263**	**73,221,889**
	1,215,428,067	**33,076,602**	**1,248,504,669**

During the development of the hospital building, borrowing costs on interest-bearing loans 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-four percent 20/100 (94.47%).

NOTE 10 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	March 31, 2021	March 31, 2020
Retention payable[1)]	**38,794,607**	32,990,328
Accrued interest payable[2)]	**30,806,165**	4,970,680
Accounts payable – contractors and suppliers[3)]	**9,061,140**	32,238,248
Government liabilities[4)]	**1,028,076**	944,654
Accrued expense[5)]	**419,610**	503,952
	80,109,598	71,647,862

[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 of the project and final acceptance by the Company.

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

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

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

[5)]Accrued expense is 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 March 31 consist of:

	202102	2019
Current portion:		
Notes payable – construction-in-progress	**13,905,691**	17,970,720
Notes payable – medical equipment	**5,487,559**	-
	19,393,250	17,970,720
Non-current portion:		
Notes payable – construction-in-progress	**616,867,909**	563,857,280
Notes payable – medical equipment	**240,128,921**	199,500,480
	856,996,830	739,241,760
	876,390,080	781,328,480

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 for building financing. 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% - 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 of hospital building amounted to ₱ 0 and ₱7,051,619 as at March 31, 2021 and March 31, 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 ₱ 0 and ₱ 3,348,956 in March 31, 2021 and March 31, 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 were carried out with related parties as at December 31, 2020, and 2019:

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	Outstanding Transactions 2020	Outstanding Balance Mar. 2021	Terms	Conditions
Receivable – others (various ACE hospitals)	-	53,931	53,931	47,472	**47,472**	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to related party	250,327,056	38,711,983	289,039,039	32,063,203	**32,063,203**	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
	250,327,056	**38,765,914**	**289,092,970**	**32,110,675**	**32,110,675**		

Accounts Payable - Endure Medical, Inc.	-	22,032,294	22,032,294	2,169,957	**2,169,957**	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Advances from shareholders	340,873,908	(79,995,224)	260,878,684	-	-	Non-interest bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	340,873,908	(57,962,930)	282,910,978	2,169,957	**2,169,957**		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have 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 (see Note 8).

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 from shareholders

In the special meeting of the Board held last May 7, 2018, the 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.

Key Management Personnel Compensation

Key management compensation amounted to ₱ 1,080,000 and ₱ 1,080,000 for the years ended March 31, 2021 and March 31, 2020, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

In 2018, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2018 (see Note 16).

NOTE 14 - SHARE CAPITAL

Details of the Company's share capital as at March 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	**234,440**	**234,440,000**
Total subscribed share capital	**235,040**	**235,040,000**
Paid-up share capital (net of subscription receivable ₱13,786,000):		
Founder's shares	**600**	**600,000**
Common shares	**234,440**	**234,440,000**
Total paid-up share capital	**235,040**	**235,040,000**

Details of the Company's share capital as at March 31, 2020:

	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	231,640	231,640,000
Total subscribed share capital	232,240	232,240,000
Paid-up share capital (net of subscription receivable ₱63,000,000):		
Founder's shares	600	600,000
Common shares	230,550	168,640,000
Total paid-up share capital	232,240	169,240,000

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).

During the year, pursuant to the SEC's approval, the Company issued an additional **THIRTEEN THOUSAND EIGHT HUNDRED SIX (13,806)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱33,334,429. The common share offer price amounted to ₱200,000 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 consists of:

	March 31, 2021	March 31, 2020
Interest income (Note 6)	10,944	34,445
Gain on sale from scraps	4,100	
	15,044	34,445

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

Details as follows:	**For the Quarter Ended**	
	Mar 31, 2021	**Mar 31, 2020**
Salaries and Allowances	2,279,679	2,836,119
Board Meetings and Meals	17,729	18,997
Professional Fees and Legal Fees	405,676	916,132
Security Services	457,756	349,681
Taxes and Licenses	174,169	486,492
Insurance Expense	150,147	198,118
Utilities	0	96,182
SSS, PHIC, and HDMF Contributions	140,567	142,430
Depreciation	122,426	91,875
Amortization of Intangible Asset	4,167	0
Transportation and Travel[1)]	13,591	345,737
Communication Expenses	42,682	0
Trainings and Seminars	30,000	0
Postage	2,478	0
Rentals [2)]	20,151	392,800
Office Supplies	36,096	67,559
Advertising Expenses	6,396	40,000
Repairs and Maintenance	7,214	7,025
Bank Services	3,150	0
Miscellaneous	0	8,402
TOTALS	**3,914,075**	**5,997,549**

[1)]Decrease in transportation expenses is due to travel restrictions.

[2)]The company terminated its lease contract with Millenium Warehouse and transferred its equipment to the Hospital site in Ungka, Jaro, Iloilo City.

NOTE 17 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space and warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Lease agreement includes payment of security deposit amounting to ₱5,015,000 and ₱280,000 as at March 31, 2021 and 2020, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages.

Total rental expense amounted to ₱20,151 and ₱392,800 in March 31, 2021 and 2020, respectively (Note 16).

During the year, the Company has not renewed the lease agreement for the office space since the administration function of the Company has moved to the construction site of the hospital building.

NOTE 18 - INCOME TAX EXPENSE

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

I. Regular Corporate Income tax (RCIT)	March 31, 2021	2020	2019
Net loss before income tax	(3,899,031)	(43,369,210)	(37,263,036)
Add (deduct) reconciling items:			
Unrealized forex loss	-	-	179,510
Interest expense arbitrage	-	39,574	40,406
Interest income subjected to final tax	(10,944)	(95,937)	(97,953)
Unrealized forex gain	-	-	-
Net operating loss	(3,909,875)	(43,425,573)	(37,141,073)
Tax rate	**30%**	30%	30%
RCIT	**NIL**	NIL	NIL

II.Deferred Tax Asset

As at December 31, 2020, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and icome tax payable, respectively, are as follows:

Year Incurred	**Expiration date**	**Beginning balance**	**Additions**	**Expired**	**Claimed**	**Ending Balance**
NOLCO						
2017	2020	8,607,537	-	(8,607,537)	-	-
2018	2021	18,944,150	-	-	-	18,944,150
2019	2022	37,141,073	-	-	-	37,141,073
		64,692,760	-	**(8,607,537)**	-	**56,085,223**

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	**2025**	**56,085,223**	**43,425,573**	**-**	**-**	**99,510,796**
March 2021	**2026**	**99,510,796**	**3,909,875**	**-**		**103,420,671**

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	**2023**	**-**	**228**	**-**	**-**	**228**

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

	March 31, 2021	2020	2019
NOLCO	**103,420,671**	99,510,796	64,692,760
Tax rate	**30%**	30%	30%
	31,026,201	29,853,239	19,407,828
MCIT		228	-
	31,026,201	29,853,467	
Valuation allowance (Note 5)	**(31,026,201)**	(29,853,239)	(19,407,828)
Deferred tax asset		228	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years period that can be charged against income of the next three taxable years.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since Management believes that the Company will not be able to generate future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented as part of "other non-current assets" in the statements of financial position.

NOTE 19 - CREATE ACT

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax rate from 30% to 20% applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's 2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	228	171	(57)
2. Income tax payable	228	171	(57)
3. Interest expense arbitrage	39,574	31,779	(7,795)

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	March 31, 2021	2020	2019
Loss attributable to ordinary shares	**(3,909,875)**	(43,369,210)	(37,263,036)
Divide by: Weighted average number of ordinary shares outstanding	**235,040**	235,020	231,150
Basic loss per share	**(16.63)**	(184.53)	(161.21)

There are no potential dilutive ordinary shares outstanding as at March 31, 2021, December 31, 2020 and 2019.

NOTE 21 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

Interest rate risk

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

The Company's financial instruments that are interest-bearing are its cash notes payable (Note 6).

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Receivable - others

The Company has no significant concentrations of credit risk on receivable - others. The Company's receivable - others are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's receivable - others.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

March 31, 2021	**1 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and other liabilities*	**79,081,522**	**-**	**79,081,522**
Loans payable to individuals	**26,411,220**	**-**	**26,411,220**
Notes payable	**19,393,250**	**856,996,830**	**876,390,080**
	124,885,992	**856,996,830**	**981,882,882**

March 31, 2020	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	70,703,208	-	70,703,208
Loans payable to individuals	75,250,000	-	75,250,000
Notes payable	17,970,720	763,357,760	781,328,480
Advances from shareholders	-	116,300,566	116,300,566
	163,923,928	879,658,326	1,043,582,254

**excluding government liabilities*

NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

	March 31, 2021		March 31, 2020	
Financial assets	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Cash	**21,401,524**	**21,401,524**	48,545,575	48,545,575
Receivable - others	**6,637,021**	**6,637,021**	111,740	111,740
	28,038,545	**28,038,545**	48,657,315	48,657,315

	March 31, 2021		March 31, 2020	
Financial liabilities	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Accounts payable and other liabilities	**79,081,522**	**79,081,522**	70,703,208	70,703,208
Loans payable to individuals	**26,411,220**	**26,411,220**	75,250,000	75,250,000
Notes payable	**876,390,080**	**876,390,080**	781,328,480	781,328,480
Advances from shareholders	**-**	**-**	116,300,566	116,300,566
	981,882,882	**981,882,882**	1,043,582,254	1,043,582,254

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables – others, accounts payable and other liabilities and loans payable to individuals, their carrying amounts approximate their fair values.

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

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

NOTE 23 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	March 31, 2021	2019
Total liabilities	**982,910,898**	1,044,526,908
Total equity	**807,301,712**	526,835,45
	1.22 : 1	1.98 : 1

The loan agreement provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 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 date, all covenants and requirements are complied with except for the required financial ratios wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 24 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Philippine Government, as a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization's (WHO) call for global response to combat the outbreak, as well as cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Presently, the full impact of the lingering COVID 19 outbreak continues to evolve as of the date of this report and have threatened to impose its negative impact on the financial condition and results of operations, particularly solvency and liquidity, including the industry workforce and the supply chain.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.
However, since the Company has not started commercial operations, Management, therefore, have ascertained that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on its financial standing or status and that no uncertainties yet, related to going concern may be applicable to the Company.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at March 31, 2021 including its comparative amounts of March 31, 2020, were approved and authorized for issuance by the Board of Directors on May 16, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR) 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS is presented as follows:

Output and Input Value-Added Tax

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

Documentary Stamp Tax

Documentary stamp tax paid by the Company for the quarter is as follow:

	March 31, 2021
Documentary stamp tax for subscription of shares	**19,700**
	19,700

Taxes and licenses

Details of the Company's other local and national taxes for the quarter are as follows:

	March 31, 2021
Documentary stamp tax	**19,700**
Real property tax	**15,119**
Notarial fees	**7,445**
Others	**131,904**
	174,168

Withholding Taxes

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

	March 31, 2021
Expanded withholding taxes	**427,213**
Compensation withholding tax	**474,194**
	901,407

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 March 31, 2021.

RR 19-2020 and RR 34-2020

During the year, 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.

* * *

ANNEX "M"

COVER SHEET

C S 2 0 1 4 2 3 9 5 4

S.E.C. Registration Number

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

(Company's Full Name)

2ND FLOOR IMS BLDG.,
BRGY., BANTUD LUNA
ST., LAPAZ ILOILO
ILOILO CITY 5000

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

MAYLENE B. VILLANUEVA	09175234802
Contact Person	**Company Telephone Number**

1 2	3 1	17-A 2020	0 4	3rd Sat
Month	**Day**	**FORM TYPE**	**Month**	**Annual Meeting**

Fiscal Year

Secondary License Type, If Applicable

M S R D	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

LCU

CASHIER

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 2020

2. SEC Identification Number CS201423954 3. BIR Tax Identification No. 008-922-703

4. Exact name of issuer as specified in its charter 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)
   Industry Classification Code:

7. Iloilo Medical Society, Brgy. Bantud Luna St., La Paz, Iloilo City 5000
   Address of principal office Postal Code

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

9. Not applicable.
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Founder	600
Common	234,430

The total outstanding debt of the company as of **December 31, 2020 is P1,003,046,203**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ ] 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").

PhP 235.030 Million as of 31 December 2020.

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 [ ] NOT APPLICABLE

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference 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, 2020 (incorporated as reference for Items 7 and 12 of Sec Form 17- A)
b)

PART I - BUSINESS AND GENERAL INFORMATION

Business Development

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

ACEMCI 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 support the construction of its first project, ACEMCI 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 2020, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by Company is at 94%.

Business

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

Initially, ACEMCI 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.

ACE Medical Center - Iloilo will be a 9-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 1, 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. ACEMCI 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 ACEMCI, although it is a prerequisite. Physicians and medical specialists who are subscribers to at least 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 ACEMCI 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 may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

ACEMCI 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.

ACEMCI 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.

ACEMCI 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'sHospital Iloilo	Onate St.,Mandurriao, Iloilo City	40	Private	2
Iloilo Doctor's Hospital	Infante St., Molo, Iloilo City	300	Private	3
Iloilo Mission Hospital	Mission Road, Jaro, Iloilo City	261	Private	3
Medicus Medical Center Iloilo	Dr. Rizalina Bernardo Avenue, San Rafael Mandurriao, Iloilo City	150	Private	2
Metro Iloilo Hospital and Medical Center, Inc	Metropolis Avenue, Brgy. TagbakJaro, Iloilo City	110	Private	2
Qualimed Hospital	DonatoPison Avenue, San Rafael Mandurriao, Iloilo City	100	Private	2
St Paul's Hospital	General Luna St., Brgy. Danao, Iloilo City	265	Private	3
The Medical City Iloilo	Locsin St., Molo, Iloilo City	108	Private	2
West Visayas State University Medical Center	E. Lopez St., Jaro, Iloilo City	300	Public	3
Western Visayas Medical Center	Q. Abeto St., Mandurriao, Iloilo City	400	Public	3
Holy Mary Women & Children's Hospital	Felix Gorriceta Avenue, Brgy. Balabag , Pavia, Iloilo	60	Private	2

The strategic location of ACEMCI primarily influences the decision of the medical specialists to subscribe to the shares of stock in ACEMCI. 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 ACEMCI to effectively compete with its competitors within the area.

ACEMCI 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.
ACEMCI 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 staff of ACEMC Iloilo are clinically competent and certified specialists.

Aside from these, patients will find a better ambiance with ACEMCI 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.

ACE Medical Center-Iloilo will be a one-stop-shop with its latest technology complete laboratory and imaging facilities such as:

- MRI
- CT Scan
- Mammogram
- Echocardiography
- Bone Densitometry
- Liver elastometry

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
- Neurolaboratory
- 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. CAA Mansonry Works – Masonry Plastering and Tile works
4. Crossworld Construction Supply – Aluminium External Cladding
5. Synchronized Solution Inc. – Auxiliary and Electrical (5th to 8th Floor)
6. Balderas Engineering & Technology Services – Electrical (Basement 9th to 10th Floor)
7. Pesco Airconditioning and Engineering Services – Electrical (Ground to 4th Floor)

8. Citigas Inc. – Medical Gases Pipelines
9. Endure Medical Inc. Medical Equipment
10. JRDMBuilders Corp. – Airconditioning/Hepa Filters
11. Thai Phil Services Ltd, Inc. - Airconditioning
12. Ultrade Phil Service Corp – Plumbing, Fire Protection and Fresh Air
13. R. Turno Glass & Alum Service – Glass works
14. Puricare Industrial Enterprises – R.O. System
15. International Elevatror & , Inc. – Elevators
16. Ladadios Builders Inc. – Joinery, Retrofitting, RMD, Vinyl & Doors
17. Westpoint Builders – External works, Pavement & Parking
18. Green Garden Landscaping Services - Landscaping

The aforementioned contractors are suppliers of goods and services relating to the construction of the hospital building.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

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

1. Allied Care Experts Medical Center – Bacolod, Inc.
2. Allied Care Experts Medical Center – Baliwag, Inc.
3. Allied Care Experts Medical Center – Bayawan, Inc.
4. Allied Care Experts Medical Center – Baypointe, Inc.
5. Allied Care Experts Medical Center – Bohol, Inc.
6. Allied Care Experts Medical Center – Butuan, Inc.
7. Allied Care Experts Medical Center – Cagayan de Oro, Inc.
8. Allied Care Experts Medical Center – Cebu, Inc.
9. Allied Care Experts Medical Center – Dipolog, Inc.
10. Allied Care Experts Dumaguete Doctors, Inc.
11. Allied Care Experts Medical Center – General Santos, Inc.
12. Allied Care Experts Medical Center – Legazpi, Inc.
13. Allied Care Experts Medical Center – Mandaluyong, Inc.
14. Allied Care Experts Medical Center – Palawan, Inc.
15. Allied Care Experts (ACE) Medical Center - Pateros, Inc.
16. Allied Care Experts (ACE) Medical Center – Quezon, Inc.
17. Allied Care Experts (ACE) Medical Center – Tacloban, Inc.
18. Allied Care Experts 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 40 of the Audited Financial Statement as of and ending on 31 December 2020.

GOVERNMENT APPROVAL

ACE Medical Center - Iloilo Inc. has secured the necessary permits to construct the Hospital. Other permits may be required later for its operation and shall be complied with by the Company.

In the course of its pre-operation stage, ACE 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 ACE Medical Center - Iloilo to ensure it is compliant with the standards of the Department prior to issuance of the LTO.

TRADEMARKS

In 2020, the amendment of the Corporate Name of the Company from Allied Care Experts (ACE) Medical Center- Iloilo, Inc. to Asia- Pacific Medical Center (APMC) – Iloilo, Inc. was approved by majority and two-thirds (2/3) votes of the directors and stockholders respectively hence it no longer submitted a Declaration of Actual Use of its registered trademark for Allied Care (ACE) Medical Center before the Intellectual Property Office. Instead, it filed an application for registration of the name Asia Pacific Medical Center which was subsequently approved on 19 March 2021. The company will file a Declaration of Actual Use of the trademark within three (3) years from its application date on 8 June 2020. The new trademark will establish the Company's own brand of service.

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:

The Data Privacy Act

The Data Privacy Act 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 is currently finalizing its Personal Data Privacy Policy. The policy provides for organizational, physical and technical security measures geared towards data protection. It likewise recognizes 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

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.

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

The Food Safety Act of 2013

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, 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

RA 9439 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.

The Foods, Drugs and Devices, and Cosmetics Act

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.

Environment-related Laws

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.

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.

The Solid Waste Management Act of 2000, with DENR Administrative Order 2011-34 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.

The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and 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.

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.

Costs and Effects of Compliance with Environmental Laws

The Company incurred about One Hundred Twenty Million Nine Hundred Thirty Nine Thousand Seven Hundred Eighteen Pesos and 17/100 (PhP 120,939,718,17) in expenses for environmental compliance for the year 2020. 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.

EMPLOYEES

The Hospital will be staffed with medical specialists who will provide the skeleton force and attract other specialist to practice in the Hospital. Below is the breakdown of the current manpower of ACEMCI and when it goes into commercial operations in the next twelve (12) months:

Type of Employees	Number of Current	Expected within the Next 12 months
Medical Support Staff	6	396
Administrative Staff	15	55
Engineering and Maintenance	9	12
Outsourced	0	30
Clerical	4	59
Others	0	142
Total	34	694

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 ACEMCI.

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

The Credentialing and Privileging Committee requires that the medical specialists of ACEMCI 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 office of 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 ACEMCI, or practice as regular visiting medical staff. Policies and procedures for acceptance to the medical Staff is 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, ACE Medical Center Iloilo has a total of 270 Medical Specialists that will practice within the hospital. Within the next 12 months, it is expected that the Hospital will accept at least 100 more Doctors.

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 establishing 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), and others.

   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.

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.

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 to sustain its pre-operation expenses. It also made a call for payment of subscribed shares which were issued in 2018. 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.

ACEMCI 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.

ACEMCI 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.

ACEMCI engaged an Indentor, Endure Medical, Inc. to secure the best machines, hardware and equipment for the hospital. It also entered into a contract with TIPP Plus for its integrated Hospital Information System.

Item 2. Properties

ACE Medical Center – Iloilo is a 9-storey, 200-bed capacity hospital with helipad and one (1) basement parking level. Total floor area is around 28,550.50 sq. m. constructed in a 6,000 sq. m. property located at Barangay Ungka, Jaro, Iloilo City. It will also serve as a Referral Center for Allied Care Experts (ACE) institutions in other parts of the country with which ACEMC Iloilo 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 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 (P 28,291,630).** Aside from land, the other properties acquired and owned by the company are as follows:

> Since 2015 until December 31, 2020, the corporation has acquired office equipment composed of desktop and laptop computers, printers, photocopying machines, steel cabinets and office furniture amounting to **Php 1,576,285.00** net of depreciation.
>
> As of December 31, 2020, ACEMCI has acquired a total of **Php 291,678,238.00** 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.

During the first part of the year, the company decided to give up its storage maintained with Iloilo Millenium Warehouse and transfer the equipment stored in that warehouse to the hospital site. The company aims to make use of its now available spaces and eventually save on cost. Total cost of hospital equipment already on the site amounts to P90,921,038.00. However, equipment costs in the amount of P32,063,203.00 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, ACEMC Iloilo has engaged the services of Endure Medical, Inc. to help in its importation.

The list for further procurement in the coming year includes Diagnostic Laboratory equipment, Hemodialysis machines and ambulance. Funds for the purchase of additional equipment will be from the loan to be granted by Land Bank of the Philippines which amounts to Php 155,000,000.00, and from the sale of securities. For the acquisition of some machines, ACEMC Iloilo may also opt for a "tie-up" contract with suppliers, if applicable.

The Total Properties and Equipment owned by the company reflected a balance of **Four Hundred Twelve Million Nine Hundred Forty Four Thousand Nine Hundred Seventy Six (P 412,944,976.00)** at the end of the year. (net of depreciation) and broken down as follows:

Land	**28,291,630.00**
Office Equipment (net)	**1,576,285.00**
Medical Equipment	**291,678,238.00**
Hospital Equipment	**90,921,038.00**
Kitchen Tools	**473,521.00**
Books/Periodicals(net)	**4,264.00**

LEGAL PROCEEDINGS OF COMPANY, ITS SUBSIDIARIES AND/OR AFFILIATES

Item 3. Legal Proceedings

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

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

(a) Due to the COVID-19 pandemic, the 2020 Annual Stockholders Meeting of the company was held on 29 October 2020 at Banker's Village, Tabuc-Suba, Jaro, Iloilo City via remote communication.
(b) In the Election of the 2020 Board of Directors, the following were elected:

NAMES	AGE	CITIZENSHIP
FERJENEL G. BIRON	56	FILIPINO
MERIDE D. LAVILLA	58	FILIPINO
DANILO C. REGOZO	58	FILIPINO
AGNES JEAN M. VILLAFLOR	56	FILIPINO
AMADO LAVALLE JR.	58	FILIPINO
FREDILYN G. SAMORO	56	FILIPINO
MA. GRACE G. PEREZ	43	FILIPINO
LUSYL M. GOMEZ	62	FILIPINO
LEMUEL T. FERNANDEZ	54	FILIPINO

IKE T. MINERVA	46	FILIPINO
ROLEX SUPLICO	62	FILIPINO
FELIX NOLASCO	69	FILIPINO
FELIBERT O. DIANCO*	47	FILIPINO
JERUSHA A. COMUELO*	53	FILIPINO

*Independent Director

Ferjenel G. Biron, Meride D. Lavilla, Danilo C. Regozo, Agnes Jean Villaflor, Amado Lavalle Jr., Fredilyn Samoro, Lemuel Fernandez, Ike Minerva were re-elected as Directors while Felibert Dianco was also elected for a new term as Independent Director. Despite not being nominated, Ronald Ramiro continues to serve as Independent Director in a hold-over capacity due to the failure of one of the candidates for Independent Director to get the required majority vote.

(c) The following matters also formed part of the Agenda and were submitted to the vote of the stockholders owning 87.11%, present in person or by proxy:

1. Approval of Minutes of the 2019 Annual Stockholders Meeting

Mode of Attendance	For	Against	Abstain
Number of Shares Voted	195,930	10	230
% of Shares of Shareholders Present	99.88%	0.01%	0.12%

2. Presentation of the 2020 ACEMCI Annual Report and Approval of the 2019 Audited Financial Statements

	For	Against	Abstain
Number of Shares Voted	195,960	0	210
% of Shares of Shareholders Present	99.89%	0	0.11%

3. Amendment of Articles of Incorporation

(i) Article I – Change of Corporate Name

	For	Against	Abstain
Number of Shares Voted	195,930	80	160
% of Shares of Shareholders Present	99.88%	0.04%	0.08%

(ii) Article III – Change of Principal Place of Business

	For	Against	Abstain
Number of Shares Voted	196,130	30	10
% of Shares of Shareholders Present	99.98%	0.02%	0.01%

4. Amendment of By-Laws

(1) Amendment of Article II Section 4 – addition of email as mode of notice and Amendment of period to notify to at least twenty-one (21) days

(2)

(3)	For	Against	Abstain
Number of Shares Voted	196,150	10	10
% of Shares of Shareholders Present	99.99%	0.01%	0.01%

(4) Amendment of Article II Section 5 – participation of stockholders through remote communication meetings

	For	Against	Abstain
Number of Shares Voted	196, 060	20	90
% of Shares of Shareholders Present	99.94%	0.01%	0.05%

(5) Amendment of Article II Section 6 – addition of tele/video conferencing as a mode of conducting Stockholders meetings

	For	Against	Abstain
Number of Shares Voted	194, 120	2,010	40
% of Shares of Shareholders Present	98.95%	1.02%	0.02%

(6) Amendment of Article II Section 7 – change of deadline for submission of proxies

	For	Against	Abstain
Number of Shares Voted	195,980	80	110
% of Shares of Shareholders Present	99.90%	0.04%	0.06%

(7) Amendment of Article III Section 6 - participation in meetings of Directors through remote communications

	For	Against	Abstain
Number of Shares Voted	196,090	20	60
% of Shares of Shareholders Present	99.96	0.01	0.03

(8) Amendment of Article IV Section 1 – amendment of qualification of Corporate Secretary

	For	Against	Abstain
Number of Shares Voted	192,690	0	3,480
% of Shares of Shareholders Present	98.23%	0	1.77%

(9) Amendment of Article IV Section 8 – separation of the duties of a Chief Finance Officer and Treasurer

	For	Against	Abstain
Number of Shares Voted	196,040	0	130
% of Shares of Shareholders Present	99.93%	0	0.07%

(10) Amendment of Article VI Section 1 – amendment of the location of the office of the Corporation

	For	Against	Abstain
Number of Shares Voted	196,110	30	30
% of Shares of Shareholders Present	99.97%	0.02%	0.02%

5. Ratification of the Acts of the Board and Management

	For	Against	Abstain
Number of Shares Voted	192,510	0	3,600
% of Shares of Shareholders Present	98.13%	0	1.8

6. Election of Directors : Tabulation of Votes for Nominees

Nominees	Votes Garnered
1. DR. FERJENEL G. BIRON	528,421
2. DR. MERIDE D. LAVILLA	223,875
3. DR. FELIX P. NOLASCO	206,221
4. DR. FREDILYN G. SAMORO	205,288
5. DR. MA. GRACE G. PEREZ	192,215
6. DR. AMADO M. LAVALLE JR.	191,660
7. DR. LUSYL M. GOMEZ	172,186
8. DR. IKE MINERVA	168,365
9. DR. DANILO REGOZO	155,652
10. MR. LEMUEL T. FERNANDEZ	154,831
11. ATTY. ROLEX T. SUPLICO	151,382
12. DR. AGNES JEAN M. VILLAFLOR	149,854
13. DR. EVANGELINE Y. ZOZOBRADO	131,605
14. DR. JERUSHA COMUELO	109,391
15. DR. FELIBERT O. DIANCO	107,542
16. DR. RUBEN RAMIREZ	76,815

7. Appointment of External Auditor

	For	Against	Abstain
Number of Shares Voted	195,810	10	350
% of Shares of Shareholders Present	99.82%	0.01%	0.18%

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PART II - 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 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.

ACE Medical Center – Iloilo Inc. is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

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

The breakdown of the Offer Price is presented as follows:

Series	Number of Blocks of Common Shares	Maximum Proposed Selling Price per block
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 the price of Php 250,000. 00 per block by the third quarter of October 2019 and another One Hundred Ten (110) blocks at the price of Php300,000.00 per block were subscribed by December 31, 2019. The remaining Three Hundred Ninety (390) blocks at the price of Php300,000.00 per block were sold in the year 2020. Three (3) blocks of the third series shares were sold by December 2020. 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 salespersons as reflected in its Registration Statement. The percentage of public ownership of the Company as of **December 31, 2020 is 13.20%.**

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

B. Holders

There are approximately 43 holders of Founder shares and approximately **2747** holders of common shares of the company as of 31 December 2020.

The Top 20 Stockholders as of 31 December 2020 are as follows:

STOCKHOLDERS	NATIONALITY	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
1. BIRON, FERJENEL G.	FILIPINO	COMMON 73, 080 FOUNDER 170	31.17 % 28.33%
2. SAMOY, MARIETTA T.	FILIPINO	COMMON 6780 FOUNDER 20	2.90% 3.33%
3. CERNA-LOPEZ, GEANIE	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
4. SAMORO, FREDILYN G.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
5. SAMORO, RONNIE Z.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
6. LAVILLA, MERIDE D.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
7. LAVALLE, AMADO JR.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
8. VILLAFLOR, AGNES M.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
9. RAMIREZ, RUBEN B.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
10. COMUELO, JERUSHA A.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
11. MINERVA, IKE	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %

12. ORILLAZA, GENEROSO M.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
13. ORILLAZA, MARISSA A.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
14. REGOZO, DANILO C.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
15. PEREZ, MA. GRACE G.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
16. DIANCO, FELIBERT O.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
17. ONG, MARY FLOR G.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
18. GONZALES, NOEL G.	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
19. NOLASCO, FELIX	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %
20. NOLASCO, EULENIA	FILIPINO	COMMON 3390 FOUNDER 10	1.44% 1.67 %

C. DIVIDENDS

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

Hospital construction is targeted to be complete in the third quarter of 2021, and hospital operation is set to start anytime during the fourth quarter of the same year.

Financial requirements of the corporation during the next twelve (12) months stem from the completion of the hospital structure including its interiors, procurement of additional hospital equipment and additional salaries for the expected increase in manpower during the start of the hospital operation. Hiring for the needed employees will commence about three (3) months prior to target starting date of operation which will be set for the orientation and training of both the medical and paramedical staff.

Current financial position depends on the infusion of capital from the remaining shares from IPO and the loan facility granted by Land Bank of the Philippines. With the increasing cash demands especially that completion target has been set, the corporation must maximize all means to market and sell offered shares to the public. Aside from the active selling of shares by the employees of the corporation assigned to market the shares as reflected in the Company's Registration Statement, the Company will use social media to encourage the public to invest in the hospital without prejudice to compliance with the provisions of the Securities and Regulation Commission regarding the marketing of the said shares. Payment of unpaid subscription by the stockholders was also called for to augment the cash position of the corporation.

At present the Company has thirty four (34) employees but the Company is expected to engage more or less Six Hundred Ninety Four (694) employees in the next 12 months as it commences its operation.

(2) Management's Discussion and Analysis

Results of Operations (December 31, 2020 vs December 31, 2019)

	For the Years Ended December 31		Horizontal Analysis		Vertical Analysis	
	2020	**2019**	**Inc./(Dec.)**	**%**	**2020**	**2019**
Revenue	0	0	0	0%	NA	NA
Direct Cost	0	0	0	0%	NA	NA
Gross Profit	0	0	0	0%	NA	NA
Other Income	107,317	97,953	9,364	10%	NA	NA
Gross Income	107,317	97,953	9,364	10%	NA	NA
General and Admin Expenses	29,646,352	25,904,499	3,741,853	14%	NA	NA
Loss From Operations	(29,539,035)	(25,806,546)	(3,732,489)	14%	NA	NA
Finance Cost	13,830,175	11,456,490	2,373,685	0%	NA	NA
Net Loss Before Income Tax	(43,369,210)	(37,263,036)	(6,106,174)	16%	NA	NA
Income Tax Expense	0	0	0	0%	NA	NA
Net Loss for The Year	(43,369,210)	(37,263,036)	(6,106,174)	16%	NA	NA
Other Comprehensive Income/(Loss) for the Year	0	0	0	0%	NA	NA
Total Comprehensive Loss for the Year	**(43,369,210)**	**(37,263,036)**	**(6,106,174)**	**16%**	**NA**	**NA**

Other Income

The hospital is in its finishing stage. As of December 31, 2020, it is 94% complete. However, given its current status, it is not yet income generating. What are currently being recorded as income are mostly interest income earned from bank deposits. During the year, we reflected a total of P107,317 other income which is 10% higher than what was reported last year amounting to P97,953. This was mainly due to the funds that we have parked in our bank accounts during the year.

General and Administrative Expenses

General and Administrative Expenses increased by 14% during the year. This is comparing the ending balances of 2020 and 2019. During the year, we have taken up previous years' honorarium, thus increasing the amount reflected significantly at P8.15M equivalent to 449%. Security for the area was heightened during the year, given that the equipment are already stored in the hospital. Salaries and other governmental expenses also increased during the period.

During the year, the storage rentals were also stopped because the equipment were already transferred to the hospital. Due to CoVID 19 Pandemic, travel restriction were heightened, thus, affecting the transport expenditures.

	For the Years Ended December 31		Horizontal Analysis	
	2020	2019	Inc./(Dec.)	%
Salaries and Allowances	10,607,015	9,990,330	616,685	6%
Board Meetings and Meals	9,960,373	1,815,312	8,145,061	449%
Professional Fees and Legal Fees	2,299,496	5,561,460	(3,261,964)	-59%
Security Services	1,625,740	1,081,964	543,776	50%
Taxes and Licenses	1,350,661	1,775,777	(425,116)	-24%
Insurance Expense	777,807	715,015	62,792	9%
Utilities	760,656	528,286	232,370	44%
SSS, PHIC, and HDMF Contributions	516,045	333,792	182,253	55%
Depreciation	422,949	305,461	117,488	38%
Transportation and Travel	374,228	1,025,919	(651,691)	-64%
Rentals	316,000	1,725,859	(1,409,859)	-82%
Office Supplies	260,391	439,014	(178,623)	-41%
Advertising Expenses	249,143	0	249,143	0%
Unrealized Forex Loss	0	179,510	(179,510)	-100%
Miscellaneous	125,848	426,800	(300,952)	-71%
TOTALS	**29,646,352**	**25,904,499**	3,741,853	14%

Financial Condition (December 31, 2020 vs December 31, 2019)

Assets

Total assets of the company increased by 18.73%. Most of the increase is attributable mainly to construction in progress. During the year, Advances to related party decreased by 88.91% (P257M). Majority of the items that were previously booked as advances to related party were already taken up as part of the Property and Equipment after the deliveries made during the year. The decrease in the related party account in effect increased the PPEs that are already on hand.

Liabilities

The liabilities of the company slightly decreased by 13.56% for the year 2020. Advances to shareholders were fully paid by the company as of year-end. LBP released additional loans amounting to P119.2M during the year, thus, total loans increased by 15.74%.

Equities

The equity increased by 133.10% amounting to P436M. Share Capital increased by P53.1M (31.57%). Also, net share premium was up by a total of P426.6M equivalent to an increase of 188%. The deficit during the year also increased by P43M which in effect reflected a deduction from the equity account.

For the Years Ending December 31

ASSETS	Dec 31, 2020	Dec 31, 2019	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 2020	2019
CURRENT ASSETS						
Cash	48,022,046	15,371,215	32,650,831	212.42%	2.72%	1.03%
Receivables - Others	140,652	167,922	(27,270)	-16.24%	0.01%	0.01%
Advances to Related Party	32,063,203	289,039,039	(256,975,836)	-88.91%	1.81%	19.42%
Advances to Contractors	46,605,879	30,955,691	15,650,188	50.56%	2.64%	2.08%
Advances to Suppliers	7,022,271	3,515,904	3,506,367	99.73%	0.40%	0.24%
Prepayments	213,858	192,306	21,552	11.21%	0.01%	0.01%
	134,067,909	339,242,077	(205,174,168)	-60.48%	7.59%	22.79%
NON-CURRENT ASSETS						
Property and Equipment (net)	412,944,976	155,918,076	257,026,900	164.85%	23.36%	10.47%
Construction-In-Progress	1,215,428,067	993,243,626	222,184,441	22.37%	68.77%	66.72%
Other Non-Current Assets	5,015,228	225,000	4,790,228	2128.99%	0.28%	0.02%
	1,633,388,271	1,149,386,702	484,001,569	42.11%	92.41%	77.21%
TOTAL ASSETS	**1,767,456,180**	**1,488,628,779**	**278,827,401**	**18.73%**	**100.00%**	**100.00%**

LIABILITY AND EQUITY	Dec 31, 2020	Dec 31, 2019	Horizontal Analysis Inc./(Dec.)	%	Vertical Analysis 2020	2019
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	96,662,087	67,510,071	29,152,016	43.18%	5.47%	4.54%
Income Tax Payable	228	0	228	0.00%	0.00%	0.00%
Loans Payable to Individuals	30,343,471	75,250,000	(44,906,529)	-59.68%	1.72%	5.05%
Notes Payable - Current Portion	19,393,250	17,970,720	1,422,530	7.92%	1.10%	1.21%
	146,399,036	160,730,791	(14,331,755)	-8.92%	8.28%	10.80%

NON-CURRENT LIABILITIES						
Notes Payable - net of Current Portion	856,996,830	739,241,760	117,755,070	15.93%	48.49%	49.66%
Advances from Shareholders	0	260,878,684	(260,878,684)	-100.00%	0.00%	17.52%
	856,996,830	1,000,120,444	(143,123,614)	-14.31%	48.49%	67.18%
TOTAL LIABILITIES	1,003,395,866	1,160,851,235	(157,455,369)	-13.56%	56.77%	77.98%
EQUITY						
Share Capital (net)	221,234,000	168,150,000	53,084,000	31.57%	12.52%	11.30%
Share Premium	653,467,980	226,900,000	426,567,980	188.00%	36.97%	15.24%
Deficit	(110,641,666)	(67,272,456)	(43,369,210)	64.47%	-6.26%	-4.52%
	764,060,314	327,777,544	436,282,770	133.10%	43.23%	22.02%
TOTAL LIABILITIES AND EQUITY	**1,767,456,180**	**1,488,628,779**	**278,827,401**	**18.73%**	**100.00%**	**100.00%**

	2020	2019	2018
Cash and Cash Equivalent	The year-end balance of cash showed an increase from last year's. LBP released additional tranches of loans before the year ended.	Full swing construction would require use of cash and other company assets, thus, the minimal cash balance reflected.	The hospital is gearing for a full swing construction. Thus, company resources, esp. cash, are being utilized for the project.
Advances to Related Party	Equipment purchased were already delivered, thus, the amounts were reclassified to PPEs.	The amount recorded as part of the advances to related party account include those that would cover payments to equipment but not yet delivered or still at the suppliers' warehouse for safekeeping.	
Advances and other receivables	Down payments made to contractors and suppliers. These are being recouped gradually as their work progresses.	The amount included the advances made IFO the contractors and suppliers as down payment. These advances will form part of the payments through gradual application against contractors/ suppliers' billings.	

Property and Equipment (net)	These are machines that are already in the possession of the hospital ready for use when it opens.	Additional machines were acquired and recorded by the company.	These are the machines that the hospital was able to acquire as of the time. These are kept safe in the storage being rented by the company.
Construction-In-Progress	Construction is at 94% as of year-end. And total amount used to finance the construction increased by P222.0M compared to last year.	The construction has been going on for the last 4 years and slowly, it's been making a big progress.	
Other Non-Current Assets	Recorded as deposits to MORE Power Corp is P5.0M and the remaining unused rentals of P15.0K with IMS.	Recorded as other non-current assets are Advanced rentals for IMS at P15K and advanced storage fees of P210M.	
Accounts Payable and Other Liabilities	Retention payables account for 40% of the accounts payable, while accrued interest is at 32%. Payables to contractors/suppliers is 25% of the total. Other payables include governmental expenses, etc.	These mostly are retention payables in favor of contractors and also unpaid billings from suppliers/contractors that were received before year end. This also includes governmental/utility payables.	
Notes Payable	LBP released an additional FA of almost P120.0M in 2020. total loans now amount to P876.0M.	These are financial assistance provided by the Land Bank of the Philippines (LBP). As at end of 2019, the bank was able to release (in tranches) a total of P757.0M.	
Loans Payable to Individuals	These are non-interest bearing loans provided by individual shareholders to help in the construction of the hospital. These loans are slowly being liquidated whenever there are available funds.		
Share Capital	As at year end 2020, the company was able to sell and collect 221,234 shares of its 240,000 outstanding shares (92%)	These are the recorded subscribed and paid shares disposed by the company.	
Share Premium	Net share premium recorded as at end of 2020 increased by P406.5M as compared to 2019.	Sale of securities in excess of par. These amounts are recorded under share premium.	No transaction

Deficit

The hospital is not yet operating. All expenses of the company (basically administrative) cause the deficit that was recorded.

Statement of Comprehensive Loss	For the Years Ended December 31		
	2020	2019	2018
Revenue	0	0	0
Gross Profit	0	0	0
Other Income	107,317	97,953	137,975
General and Admin Expenses	(29,646,352)	(25,904,499)	(18,944,150)
Finance Cost	(13,830,175)	(11,456,490)	0
Total Comprehensive Loss for the Year	(43,369,210)	(37,263,036)	(18,806,175)
Total RESOURCES	**1,767,106,517**	**1,488,628,779**	**1,058,181,296**

The hospital is expected to open in 2021. Data for the year 2020, includes other income reflecting mostly interest income given that the hospital is not yet operational. The company at present reports losses for the previous years. The expenses incurred by the company during these times were all administrative and construction related.

Key Performance Indicators (KPIs)	2020	2019	2018
LIQUIDITY			
QUICK ASSET RATIO			
Cash + Cash Equivalent + Current Accounts Receivable / Current Liabilities	0.91 : 1	2.11 : 1	2.83 : 1

Remarks:
Most of the company's resources are now being utilized for the construction of the hospital. That is the reason why the cash balance reflected on every year-end report is low. Within 2021, the hospital will be opening its doors to the public, thus, it is expected that the cash and other current assets will reflect a more positive data.

CURRENT RATIO	2020	2019	2018
Current Assets / Current Liabilities	0.92 : 1	2.11 : 1	3.15 : 1

Remarks:
As for now, cash and other current assets are being utilized for the construction of the hospital. That is the reason why the current ratio of the company reflected a not so attractive information. It is expected to be better when the hospital starts its operation this 2021.

SOLVENCY

	DEBT TO EQUITY RATIO		
Long Term Debt / Equity	1.12 : 1	3.05 : 1	7.47 : 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	NA

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

	RETURN ON EQUITY		
Net Income / Stockholder's Equity	NA	NA	NA

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

LEVERAGE

	DEBT TO TOTAL ASSET RATIO		
Total Debt / Total Assets	0.57 : 1	0.78 : 1	0.90 : 1

Remarks:
The building is almost complete so the construction in progress account is getting bigger. This is where most of the resources of the company go. The liquidity of the company may have been affected but the total assets, though not readily convertible to cash, are more than enough to cover its total obligations.

	ASSET TO EQUITY RATIO		
Total Assets / Equity	2.30 : 1	4.57 : 1	9.54 : 1

Remarks:
The hospital is opening very soon. By that time, the company may already be able to show a more stable financial statement. As at present company assets is 230% higher than its equity.

INTEREST RATE COVERAGE RATIO

	INTEREST RATE COVERAGE RATIO		
Earnings Before Interests & Taxes / Interest Expense	NA	NA	NA

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

As of December 31, 2020

1 The company has not been involved in any legal proceedings, 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 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 2021 when the hospital facility will be completed.

6 The company has no investments on foreign securities.

2018 compared by 2017

Hospitals construction was on going despite financial incapability. The founders, on their own accounts, helped out to initially finance the construction of the hospital.

2019 compared to 2018

In the middle of 2019, the authority to sell securities was approved by SEC. This permit enabled the company to hasten the construction of the hospital because funds generated thru the sale of 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 sakes 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.

Item 7. Financial Statements

The 2020 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 2020, 2019 and 2018 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 Auditor 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 in connection with the assurance rendered by Dimaculangan, Dimaculangan and Company CPAs pursuant to the regulatory and statutory requirements for the years ended December 31, 2020 amount to ₱399,632.00 inclusive of 12% VAT, December 31, 2019 amount to ₱674,172.00 inclusive of 12% VAT and December 31, 2018 amount to ₱548,800.00 inclusive of 12% VAT.

Year	2020	2019	2018
Audit Fees	**399,632.00**	**P674,172.00**	**P548,000.00**

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. Currently, 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, 2020.

Name	Age	Position	Citizenship
Biron, Ferjenel G.	56	Chairman & President	Filipino
Samoro, Fredilyn G.	55	Vice Chairman	Filipino
Lavalle, Amado Jr.	57	Vice President	Filipino
Lavilla, Meride D.	57	Assistant Corp Sec.	Filipino
Villaflor, Agnes Jean M.	56	Director/Treasurer	Filipino
Gomez, Lusyl M.	61	Director/Asst. Treas. (elected on October 29 2020)	Filipino
Gallega-Perez, Ma. Grace	42	Director (elected on October 29 2020)	Filipino
Regozo, Danilo	57	Director	Filipino
Fernandez, Lemuel	53	Director	Filipino
Nolasco, Felix	68	Director (elected on October 29 2020)	Filipino
Suplico, Rolex	62	Director (elected on October 29 2020)	Filipino
Minerva, Ike	45	Director	Filipino
Dianco, Felibert O.	46	Independent Director(elected on March 10 2020)	Filipino
Comuelo, Jerusha A.	53	Independent Director (elected on October 29 2020)	Filipino
Ronald, Ramiro	62	Independent Director	Filipino

All the above individuals were elected as Board of Directors and Officers of the Corporation for the year 2020 until their successors are elected during the Annual Stockholders meeting of ALLIED CARE

EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC. held on 29 October 2020. During the Organizational Meeting on the same day, Dr. Gomez was elected as Asst. Treasurer. On 4 December 2020 Dr. Ramiro was recognized as the third Independent Director for the year 2020 to serve in a hold-over capacity as an Independent Director due to failure of one of the candidates to the BOD to meet the required number of votes. The Compliance Officer, Atty. Maylene B. Villanueva was re-elected as Corporate Secretary in the same meeting until a more suitable candidate becomes available.

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

Ferjenel Biron, MD is the Chairman and President of Allied Care Experts (ACE) Medical Center – Iloilo Inc., and Allied Care Experts Medical Center – Bacolod Inc and former President and now Chairman of Asia Pacific Medical Center (APMC) – Aklan Inc. He is also the Founding President of Phil Pharmawealth Inc. from 1993 to present with interruptions on his service during his tenure as Representative of the 4th District of Iloilo from 2004 - 2013 and 2016-2019. He is also the CEO of Endure Medical, Inc. since 2013 to June 2016 and President from July 2020 to present. He is the President of Aesthetica Manila Inc. since 2015. He is a member of the Board of Directors 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 de Oro, Inc.. He also served as member of the Board of Directors of Tagum Global Medical Center, Inc. and is the current President of Smartlab Diagnostics Inc.

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 Master in Business in Economics in 2014. He is a thesis away from completing the Master in Hospital Management program of Cebu Doctors College.

Fredilyn G. Samoro, MD, is the current Vice Chairman of the Board of Directors and the Vice President for Marketing of the Company. She is also the President of Allied Care Experts (ACE) Medical Center-Butuan Inc., and Allied Care Experts (ACE) Medical Center - GENSAN INC. Dr. Samoro is a Professorial Lecturer at West Visayas State University, College of Medicine. She is also 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 Directors of Healthlink Iloilo (from 2005 to present) Iloilo Integrated School (from 2001 to present) and MD Check Iloilo Inc. (from 2009 to present). Dr. Samoro was also the Vice President of Philippine Obstetrical & Gynecological Society, Panay Chapter in 2013, and the President Philippine Obstetrical and Gynecological Society in 2014. She is currently the Treasurer of Council of Presidents of Ace Medical Center. She is writing her thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

Amado Lavalle Jr., MD, is the current Executive Vice President. He had served as Director of the Company since 2014. Dr. Lavalle was a Training Officer from 1997 to 2004 and the Chairman from 2009 to 2015 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 1988 to present and Western Visayas Medical Center from 1997 to present. Dr. Lavalle was a consistent Honor Student from Elementary to College. He finished his Bachelor of Science in Biology 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 to 1989. 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.

Agnes Jean Villaflor, MD, is the Corporate Treasurer and had been a Director of the Company since 2014. Prior to being the Corporate Treasurer of ACEMCI, she is the Medical Director of M3 Dialysis Center from 2007 and the Medical Director of RSI from 2016 to present. She is also the Training Officer of West Visayas State University Medical Center Department of Internal Medicine and the Secretary of

Renal Specialty Inc., She is 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 graduated in 1985. She took her medical studies at West Visayas State University and graduated in 1989. She had her Post-Graduate Internship at Westen Visayas Medical Center from 1989 to 1990 and had her residency training in Internal Medicine at West Visayas State University Hospital from 1991 to 1993. From 1994 to 1995, she had her Fellowship Training at Philippine General Hospital in Nephrology. She is presently taking her Masteral studies in Hospital Administration at Cebu Doctor's Hospital.

Meride D. Lavilla, MD, was previously the Corporate Secretary of Allied Care Experts Medical Center Iloilo Inc. who stepped down to become Assistant Corporate Secretary on August 2019 to be able to focus on her Directorship Dr. Lavilla has been the Corporate Secretary of Healthlink Inc. for 3 years where she is currently a director. She is presently an Assistant Corporate Treasurer of Allied Care Experts Medical Center Bacolod Inc. and Executive Vice President of Asia Pacific Medical Center (APMC) – Aklan Inc. She is also a Director of Allied Care Experts Medical Center Cagayan de Oro Inc. and a Founding Member of ACEMC-Gensan and ACEMC-Butuan. Dr. Lavilla has been a Clinical Preceptor for 2nd and 3rd year Medical Students of West Visayas State University, College of Medicine from 1994. She is a member of the Philippine College of Occupational Medicine. She is a Medical Retainer of Vitarich Corporation from 2009 to date and Angelina Bakeshop until 2019. Dr. Lavilla took Bachelor of Science in Biology and graduated Cum Laude from West Visayas State University in 1984. She took 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 Residency training in Pediatrics from 1990 and subsequently became the Chief Resident at West Visayas State University Medical Center in 1993. Dr. Lavilla is completing her thesis for her Master of Arts in Hospital Administration at Cebu Doctors University. Aside from being a Physician, Dr. Lavilla is a registered Nurse and earned her BSN degree at West Negros College in the year 2002-2004.

Danilo C. Regozo, MD, is a Director and Head of the Construction Committee of Allied Care Experts Medical Center Iloilo Inc since 2014. He is presently the Executive Vice President of Allied Care Experts Medical Center - Bacolod Inc and Chairman of the Board of Excel Global Inc. (EGI). Prior to his election as Chairman, he also served as President of EGI from 2017 to 2020. Dr. Regozo is the owner of Farmacia Neo and Regozo Family Medicine Clinic. In addition, he is an Associate Member of 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 Philippine Academy of Family Physicians, Iloilo Chapter. Moreover, Dr. Regozo was the Assistant Secretary (2014 – 2016) and Vice President from (2016 – 2018) of Iloilo Medical Society. Dr. Regozo graduated from University of the Philippines in the Viasayas with a Degree in Bachelor of Science in Fisheries in the year 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. He was conferred as Diplomate in Family Medicine in 1999, Fellow in Family Medicine in 2004 and Fellow Life in 2014. Aside from being a Physician, Dr. Regozo, is a Registered Nurse. Currently, Dr. Regozo is on his thesis writing for his Master of Arts in Hospital Administration at Cebu Doctor's College.

Ike T. Minerva, MD was first elected as one of the Board of Directors of Allied Care Experts Medical Center Iloilo Inc., on August 2020. He has been the Section Head of Gastroenterology and Endoscopy Unit Head of West Visayas State University Medical Center since 2011. He finished his Bachelor of Medical Technology in 1996 and Medical Degree at West Visayas State University College of Medicine in 2000. He pursued Internal Medicine Residency at West Visayas State University Medical Center, and became a Chief Resident. He graduated his fellowship in Gastroenterology and Hepatology at Manila Doctors' Hospital as the Chief Fellow. Because of his interest in Interventional Endoscopy, he decided to continue his further training at Pusat Perubatan Universiti Malaya in Kuala Lumpur, Malaysia which is one of the few centers in the world catering to Advance Endoscopy Training.

Lemuel T. Fernandez is as an Independent Director of Allied Care Experts Medical Center Iloilo Inc., He is a Director of Aesthetica Manila, Inc. and an Editor in Chief of Daily Guardian since 2002. He was the Past President of Rotary Club of Iloilo and past President of Iloilo Press Club. Mr. Fernandez finished his Degree in Bachelor of Arts at University of Iloilo in the 1988.

Lusyl M. Gomez MD is the Vice President for Finance of the Company. She is a member of the Philippine Pediatric Society. She served as Treasurer and member of the Board of Directors of Healthlink for four (4) years and twelve (12) years respectively and Wellness Medical Pharma for five (5) years. She is a Professor at the School of Dentistry of Iloilo Doctors College for four (4) years and was a school physician at St. Therese College and STI for three (3) years. She is a Vice President for Operation in ExcelGlobal Inc. She is also a stockholder of Qualimed Medical Corp., Medicus and Asia Pacific Medical Center (APMC) – Aklan Inc., Inc. She is a graduate of BS Biology and Medicine of West Visayas State University.

Ma. Grace Gallega-Perez MD is the President of MD Check Inc. since 2012. She is also the Treasurer of Skin Science, Inc. since 2014. She is a graduate of BS Biology in the University of the Philippines in the Visayas and finished her medical degree at West Visayas State University College of Medicine. She is also one of the Board of Directors of the Collegio de las Hijas de Jesus Alumni Association, Inc. She is currently writing her thesis for Master in Hospital Administration at Cebu Doctor's University.

Felix P. Nolasco, MD is the Chairman of Sto. Tomas Doctor's Hospital Medical Center and President of Unihealth Baypointe Hospital Medical Center. He has also been a President of both the Phil. Board of ENT- HNS and Phil. Society of ENT-HNS. He had retired as Chairman of the ENT-HNS Department of East Avenue Medical Center and Executive Officer of Jose Reyes Medical Center in 2016.

Rolex T. Suplico is a Partner at Suplico, Austria and Marbella Law Firm. He is the President of Great Jupiter Mercantille, Inc. since 2015 and Great Odysseus Sec. Agency, Inc. since 2011. He had been in the civil service as Board Member, Vice Governor and Congressman of the Fifth (5th) District of Iloilo. He finished his law degree at the University of the Philippines College of Law.

Felibert O. Dianco, MD is currently an Independent Director of the Company. He is the Assistant Chair of the ICU Committee of West Visayas State University Medical Center. He had been a President of the Philippine Heart Association for two (2) years and is currently a member of the Board of Directors of PCP -Panay Chapter.

Jerusha A. Comuelo, MD is a Treasurer of the Iloilo Neuroscience Group Inc. since 2015 and of West Visayas State University since 2016. She is on her thesis for Master in Hospital Administration at Cebu Doctor's University. She is a Life member of the Philippine Medical Association and a member of Child Neuro Society of Philippines, Philippine League against Epilepsy and Ocean Oceanian of Child Neurology.

Ronald L. Ramiro, MD is an Independent Director of Allied Care Experts Medical Center Iloilo Inc. He has been the President of Allied Care Experts Medical Center – Bohol Inc. since 2014. Dr. Ramiro is also the Medical Director of Ramiro Community Hospital from 1990 to present and Chairman of the Board of Ramiro Community Hospital, He is the Chairman of its Department of Surgery from 1990 to 2014. Further, he was the Vice President of Bohol Critical Care Service Inc. He was appointed as the Chief Resident, Department of Surgery, Cebu Doctor's Hospital from January to December 1998. Dr. Ramiro completed his B.S General Science at Siliman University, Negros Oriental in 1977 and pursued his medical studies at Cebu Institute of Medicine which he completed in 1981. He had his Post-Graduate Internship from 1981 to 1982 at Southern Island Medical Center. Dr. Ramiro had his Residency Training at various hospitals such as Chong Hua Hospital from 1982 to 1984, Cebu Doctors Hospital 1987 and Chief Resident, Cebu Doctors Hospital in 1988. He finished his Master of Arts in Hospital Administration at Cebu Doctor's University in 2015.

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 ACEMCI's executive officers in addition to its executive directors listed above as of December 31, 2020.

Name	Age	Position	Citizenship	**Period during which individual has served as such**
Maylene Villanueva	40	Corporate Secretary/ Compliance Officer	Filipino	August 2019 to present February 2019 up to present
Elmer Samoro	49	Chief Finance Officer	Filipino	February 2019 up to present
Gerald Joel C. Abonado	57	Hospital Administrator	Filipino	September 2019 to present

MAYLENE B. VILLANUEVA is the Corporate Secretary and Compliance Officer of the Company. She is also the President of TIPP Digital Solutions, Inc. She is a Managing Partner in Villanueva and Trasporto and Partners. She was an active member of Junior Chamber International Philippines and served the National Organization as Area Vice President for Area 4 (Visayas Area) (2020), General Legal Counsel (2019) and Regional Vice President for Western Visayas (2016). She is also the Vice President for Legal Affairs and Human Resource of Phil Pharmawealth Inc. and concurrently serves as Corporate Secretary of Quiklab Diagnostics, Inc., Aesthetica Manila Inc. and Smartlab Diagnostics Inc. She is also a current member of the Board of Trustees of the Iloilo State College of Fisheries (ISCOF) representing the Private Sector. She obtained her degrees in Law and Broadcast Communication from the University of San Agustin and the University Philippines in the Visayas respectively.

ELMER SAMORO is the Chief Finance Officer of the Company. He is also the Chief Operating Officer of Healthlink (Iloilo), Inc. His other previous employment was with Metropolitan Bank and Trust Company. He graduated from Central Philippine University in 1991 with a Commerce degree major in Accounting.

GERALD JOEL C. 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 and had been the Director of Administration of the Medical City Iloilo from March 2012 to 2014 and Medical Director of Saviour International Hospital Iloilo City from March 2009 to 2010. He is a member of Philippine College of Geriatric Medicine Specialty Board since October 2012 and Council Member of the Gerson Lerhman Group since November 2011.

INDEPENDENT DIRECTORS

The independent directors of the Company as of 31 December 2020 are as follows:

1. Felibert O. Dianco
2. Jerusha A. Comuelo
3. Ronald L. Ramiro

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

One of the directors, Ma. Grace Gallega-Perez and the Chief Finance Officer, Elmer Samoro are the sister and brother-in-law respectively of Vice Chairman, Dr. Fredilyn G. Samoro.

On the other hand, the husband of Director Lusyl Gomez who is also an Assistant Treasurer is the first cousin of the Corporate Treasurer Agnes Villaflor.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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

As of 30 June 2021, presentation of Prosecuticn's evidence is still pending.

Item 10. Executive Compensation

Summary of Compensation Table

Annual Compensation

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. Agnes Jean Villaflor – Corporate Treasurer	2020	420,000.00	35,000.00	344,000.00
C. Maylene B. Villanueva - Corporate Secretary/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
F All other officers and as a group named	2020	1,020,000.00	85,000.00	560,000.00

2019

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(e) Annual Bonus (P)	(f) Other Annual Compensation (Per Diem and other allowances)
CEO Ferjenel G. Biron	2019			600,000.00
A Amado Lavalle	2019			210,000.00
B Meride Lavilla	2019			340,000.00
C Agnes Jean Villaflor	2019			420,000.00
D Fredilyn G. Samoro	2019			550,000.00
E All other officers and as a group named	2019			955,000.00

2018

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(e) Annual Bonus (P)	(f) Other Annual Compensation (Per Diem and other allowances)
CEO Ferjenel G. Biron	2018	Not Applicable	Not Applicable	180,000 (per diem)
A Amado M. Lavalle Jr	2018	Not Applicable	Not Applicable	180,000 (per diem)
B Meride Lavilla	2018	Not Applicable	Not Applicable	180,000 (per diem)
C Agnes Jean Villaflor	2018	Not Applicable	Not Applicable	180,000 (per diem)
D Fredilyn G. Samoro	2018	Not Appliable	Not Applicable	180,000 (per diem)
E All other officers and as a group named	2018	Not Applicable	Not Applicable	180,000 (per diem of 10 directors)

The individual rates of the Top four (4) Executive Directors as specified above was approved by the Board 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 ACEMC Iloilo are as follows.

Chairman	Fifty Thousand Pesos (P 50,000.00)
President	Fifty Thousand Pesos (P 50,000.00)
Executive Vice President	Thirty Five Thousand Pesos (P 35,000.00)
Corporate Secretary	Thirty Five Thousand Pesos (P 35,000.00)
Corporate Treasurer	Thirty Five Thousand Pesos (P 35,000.00)
Vice Chairman	Thirty Five Thousand Pesos (P 35,000.00)
Asst. Secretary	Twenty Five Thousand Pesos (P 25,000.00)
Asst. Treasurer	Twenty Five Thousand Pesos (P 25,000.00)

STANDARD ARRANGEMENTS

The company approved a reasonable per diem of each board of director for every board meeting attended is P30,000.00 as specified and shall be effective on Jan. 1, 2019:

a. Regular and Special Board Meeting - P 10,000.00
b. Construction Meeting - P 10,000.00
c. Travel Allowance - P 10,000.00

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 2019 and 2020 for any service provided as a director.

EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND EXECUTIVE OFFICERS

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

WARRANTS AND OPTIONS HELD BY THE EXECUTIVES AND DIRECTORS

There are no outstanding warrants or options held 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

As of 31 December 2020 the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except set forth in the table below:

The following table shows the record and beneficial owners of more than 5% of the voting securities of the Company as of December 31, 2020

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 Streets, Valle Verde VI, Pasig City	Biron, Ferjenel G./ Record Owner is also Beneficial Owner.	Filipino	73,080 170	31.17 % 28.33%

SECURITY OWNERSHIP OF MANAGEMENT

The following table shows the security ownership of management in the common shares of the Company as of December 31, 2020.

INDIVIDUAL DIRECTORS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Founder	Biron, Ferjenel G./82 Firefly Cor Butterfly Streets, Valle Verde VI, Pasig City	Biron, Ferjenel G./ Record Owner is also Beneficial Owner.	Filipino	31.17 % 28.33%
Common Founder	Samoro, Fredilyn G.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	(Samoro, Ronnie-spouse)	3,390 – Indirect Total 6780 10 - Indirect Total 20		1.44% Total – 2.89% 1.67% Total -3.33%
Common Founder	Lavalle, Amado Jr.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%

Common Founder	Lavilla, Meride D.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Villaflor, Agnes Jean M.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Gomez, Lusyl M.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Perez, Grace	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Regozo, Danilo M.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Fernandez, Lemuel T.	1,990 – Direct 10 - Direct	Filipino	0.84% 1.67%
Common Founder	Nolasco, Felix P.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Suplico, Rolex T.	1,990 – Direct 10 - Direct	Filipino	.84% 1.67%
Common Founder	Samoy, Marietta T.	6780 – Direct 20 - Direct	Filipino	2.89% 3.33%
Common Founder	Minerva, Ike T.	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Dianco, Felibert	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Comuelo, Jerusha	3,390 – Direct 10 - Direct	Filipino	1.44% 1.67%
Common Founder	Ramiro, Ronald	3,990 – Direct 10 - Direct	Filipino	1.44% 1.67%

OTHER EXECUTIVE OFFICERS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Samoro, Elmer	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 2020, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

CHANGES IN CONTROL

As of 31 December 2020, Dr. Ferjenel Biron had acquired the following shares either through donation or assignment shares from the following founders:

NAME OF STOCKHOLDER-ASSIGNOR	NO. OF SHARES
1. Amado Manuel C. Enriquez	27,120 common shares, 80 Common Founder Shares
2. Marilyn R. Enriquez	800 common shares
3. Jeremy Saquian	1,500 common shares
4. Maita Cruz	700 common shares
5. Demetrio Patrimonio	1,500 common shares
6. Felicisimo de Castro Jr.	3,390 common shares, 10 Founder shares
7. Pedro Tingson	1,500 common shares
8. Gloria de Castro	1,500 common shares
9. Maria Geraldine Gubatina	1,500 common shares
10. Romulo Barrameda	1,500 common shares
11. Roberto de Leon	3,390 common shares, 10 Founder shares
12. Rhodora de Leon	3,390 common shares, 10 Founder shares
13. Felix Nolasco	1,050 common shares
14. Eulenia Nolasco	1,050 common shares
15. Ricardo de los Trinos	3,390 common shares, 10 Founder shares
TOTAL	53,280 common shares , 120 Founder shares

The BIR CAR had been issued for the aforementioned shares except for the shares of Roberto de Leon and Maita Cruz which are pending release. Upon completion of the BIR CAR, Dr. Biron would control 33.33% of the Company.

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, 2020 and 2019.

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, 2020, and 2019:

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	**Amount of Transactions 2020**	**Outstanding Balance 2020**	Terms	Conditions
Receivable – others (various ACE hospitals)	-	53,931	53,931	(6,459)	47,472	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to related party	250,327,056	38,711,983	289,039,039	**(256,975,836)**	**32,063,203**	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
	250,327,056	38,765,914	289,092,970	**(256,982,295)**	**32,110,675**		

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	**Amount of Transactions 2020**	**Outstanding Balance 2020**	Terms	Conditions
Accounts Payable - Endure Medical, Inc.	-	22,032,294	22,032,294	**(19,862,337)**	**2,169,957**	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Advances from shareholders	340,873,908	(79,995,224)	260,878,684	**(260,878,684)**	-	Non-interest bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	340,873,908	(57,962,930)	282,910,978	**(280,741,021)**	**2,169,957**		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have relatively significant influence over a key management personnel of the Company. The Indentor facilitates the importation and acquisition of medical equipments, 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 from shareholders

In the special meeting of the Board held last May 7, 2018, the 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

On January 2019, during its first meeting after the issuance of the Permit to Offer Securities, the Board of Directors appointed its first 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.

In compliance with SEC Memoradundum Circular No. 24 - Series of 2019, the Company submitted its Revised Manual on Corporate Governance on 30 September 2020. 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 deviations from the recommendations of the CG Code for PCs and RIs were stated in SEC FORM CG – 2020 dated 31 January 2021 signed by the Compliance Officer.

PART V - EXHIBITS AND SCHEDULES

(a) Exhibits

The 2020 Audited Financial Statements is attached as **Annex "A"** hereto.

(b) Reports on Form 17-C

A summary list of the reports on Form 17-C filed for the year 2020 is attached as **Annex "B"**.

(c) SEC FORM CG – 2020 dated 31 January 2021 is attached hereto as **Annex "C"**

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 , 2021.

By:

ELMER Z. SAMORO
Principal Finance Officer

AGNES VILLAFLOR
Corporate Treasurer

AMADO M. LAVALLE JR.
Principal Operating Officer

JOSE JEFFREY JOVER
Principal Accounting Officer

FERJENEL G. BIRON
Principal Executive Officer

MAYLENE VILLANUEVA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 17 day of MAY 2021 affiant(s) exhibiting to me his/their Valid IDS. as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
FERJENEL G. BIRON	P1721544A	January 23, 2017	Manila
MAYLENE B. VILLANUEVA	P3513874A	June 28, 2017	Manila

Notary Public

ATTY. JENNA MARY ELLEN L. RENONG
Notary Public for Quezon City
Admin Matter No. 004 (2020-2021)
Attorney's Roll No. 60846; 03-26-12
IBP Membership No. 137511; 01-04-2021; Quezon City
MCLE Compliance No. VI-0028020; April 14, 2022
PTR No. 9341567; 01-04-2021; Quezon City
Commission expires on December 31, 2021

Doc. No.: 94
Page No.: 19
Book No.: IX
Series of 2021

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 MAY 1 7 2021.

By:

ELMER Z. SAMORO
Principal Finance Officer

AGNES VILLAFLOR
Corporate Treasurer

AMADO M. LAVALLE JR.
Principal Operating Officer

JOSE JEFFREY JOVER
Principal Accounting Officer

FERJENEL G. BIRON
Principal Executive Officer

MAYLENE VILLANUEVA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this May of 7 2021 2021 affiant(s) exhibiting to me his/their Valid IDS, as follows:

NAMES	VALID ID No.	DATE OF ISSUE	PLACE OF ISSUE
AMADO M. LAVALLE JR	PRC#006882	March 23, 2017	Iloilo City
AGNES JEAN M. VILLAFLOR	PRC#0070893	August 8, 2018	Iloilo City
ELMER SAMORO	LTO Lic#F03-95- 094300	January 08, 2019	Iloilo City
JOSE JEFFREY JOVER	LTO Lic#F03-19- 003409	March 8, 2019	Iloilo City

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Notary Public

ATTY. IRISH [illegible] MOMBAY
NOT. COMM. REG. [illegible] Until December 31, 2021
IBP No. 140[illegible]
PTR No. 725[illegible]
MCLE Compliance No. VI-001[illegible]
Mombay Law Office
Unit 1, 3F, Rosary Building, [illegible] St., Iloilo City
Cel No. 093[illegible]

dimaculangan,
dimaculangan and co. cpa's

BOA License No. 0416 (Up to May 25, 2021)
SEC Accreditation No. 0383 - F (Group B) (Up to September 9, 2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.** as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 18, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of fifty-nine (59) stockholders owning one hundred (100) or more shares each.

For the firm : DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUNIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)
BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)
Tax Identification No.133-451-815
PTR No. MKT 8547296
January 14, 2021

April 18, 2021
Makati City
Philippines

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Allied Care Experts (ACE) Medical Center – Iloilo Inc.

Financial Statements
December 31, 2020, 2019 and 2018

and

Independent Auditors' Report

BOA License No. 0416 (Up to May 25, 2021)
SEC Accreditation No. 0383 - F (Group B) (Up to September 9, 2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

As of December 31, 2020, we have determined that there are no key audit matters to communicate in our report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **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.

The engagement partner on the audit resulting in this independent auditor's report is Maria Teresita Zuñiga-Dimaculangan.

For the firm: DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUNIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
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January 14, 2021

April 18, 2021
Makati City
Philippines

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

ASSETS	Notes	December 31, 2020	2019
CURRENT ASSETS			
Cash	6	48,022,046	15,371,215
Receivable - others		140,652	167,922
Advances to related party	13	32,063,203	289,039,039
Advances to contractors	7	46,605,879	30,955,691
Advances to supplier	7	7,022,271	3,515,904
Prepayments		213,858	192,306
		134,067,909	339,242,077
NON-CURRENT ASSETS			
Property and equipment (net)	8	412,944,976	155,918,076
Construction-in-progress	9	1,215,428,067	993,243,626
Other non-current assets	17	5,015,228	225,000
		1,633,388,271	1,149,386,702
TOTAL ASSETS		1,767,456,180	1,488,628,779

LIABILITIES AND EQUITY	Notes	2020	2019
CURRENT LIABILITIES			
Accounts payable and other liabilities	10	96,662,087	67,510,071
Income tax payable	18	228	-
Loans payable to individuals	11	30,343,471	75,250,000
Notes payable - current portion	12	19,393,250	17,970,720
		146,399,036	160,730,791
NON-CURRENT LIABILITIES			
Notes payable - net of current portion	12	856,996,830	739,241,760
Advances from shareholders	13	-	260,878,684
		856,996,830	1,000,120,444
TOTAL LIABILITIES		1,003,395,866	1,160,851,235
EQUITY			
Share capital (net)	14	221,234,000	168,150,000
Share premium	14	653,467,980	226,900,000
Deficit		(110,641,666)	(67,272,456)
		764,060,314	327,777,544
TOTAL LIABILITIES AND EQUITY		1,767,456,180	1,488,628,779

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in Philippine Peso)

	Notes	For the years ended December 31, 2020	2019	2018
REVENUE		-	-	-
DIRECT COST		-	-	-
GROSS PROFIT		-	-	-
OTHER INCOME	*6,15*	**107,317**	97,953	137,975
GROSS INCOME		**107,317**	97,953	137,975
GENERAL AND ADMINISTRATIVE EXPENSES	*16*	**29,646,352**	25,904,499	18,944,150
LOSS FROM OPERATIONS		**(29,539,035)**	(25,806,546)	(18,806,175)
FINANCE COST	*12*	**13,830,175**	11,456,490	-
NET LOSS BEFORE INCOME TAX		**(43,369,210)**	(37,263,036)	(18,806,175)
INCOME TAX EXPENSE	*18*	-	-	-
NET LOSS FOR THE YEAR		**(43,369,210)**	(37,263,036)	(18,806,175)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(43,369,210)**	(37,263,036)	(18,806,175)
BASIC LOSS PER SHARE	*19*	**(184.53)**	(161.21)	(92.19)

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Philippine Peso)

	Share Capital (Note 14)	Share Premium	Deficit	Total
EQUITY				
As at January 1, 2018	120,000,000	-	(11,203,245)	108,796,755
Additional share capital	21,000,000	-	-	21,000,000
Net loss for the the year	-	-	(18,806,175)	(18,806,175)
As at December 31, 2018	141,000,000	-	(30,009,420)	110,990,580
Additional share capital	27,150,000	-	-	27,150,000
Share premium (Note 14)	-	226,900,000	-	226,900,000
Net loss for the year	-	-	(37,263,036)	(37,263,036)
As at December 31, 2019	**168,150,000**	**226,900,000**	**(67,272,456)**	**327,777,544**
Additional share capital	**53,084,000**	**-**	**-**	**53,084,000**
Share premium (Note 14)	**-**	**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**

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before income tax		**(43,369,210)**	(37,263,036)	(18,806,175)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	*8*	**422,948**	305,461	135,788
Interest income	*6,15*	**(95,937)**	(97,953)	(115,966)
Interest expense	*12*	**(13,830,175)**	(11,456,490)	-
Operating cash outflows before changes in working capital		**(56,872,374)**	(48,512,018)	(18,786,353)
Changes in working capital components:				
Decrease (increase) in current assets:				
Short term investments		**-**	10,218,347	(148,124)
Receivable - others		**27,270**	5,048,250	(2,032,500)
Advances to related party	*13*	**256,975,836**	(38,711,983)	(131,940,361)
Advances to contractors	*7*	**(15,650,188)**	(6,731,339)	(14,207,719)
Advances to suppliers	*7*	**(3,506,367)**	(3,515,904)	-
Prepayments		**(21,552)**	30,100	(32,765)
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	*10*	**29,152,016**	39,593,263	(236,959)
Net cash provided by/(used in) operations		**210,104,641**	(42,581,284)	(167,384,781)
Interest received	*6,15*	**95,937**	97,953	115,966
Net cash provided by (used in) operating activities		**210,200,578**	(42,483,331)	(167,268,815)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*8*	**(259,986,723)**	(59,630,468)	(55,697,970)
Proceeds from sale of hospital equipment	*9*	**2,536,875**	-	-
Additions to construction-in-progress	*9*	**(222,184,441)**	(405,769,400)	(279,274,095)
Collection of loans receivable		**-**	37,000,000	-
Increase in other non-current asset	*17*	**(4,790,000)**	(210,000)	-
Net cash used in investing activities		**(484,424,289)**	(428,609,868)	(334,972,065)

Balance forwarded

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
STATEMENTS OF CASH FLOWS
(Amounts in Philippine Peso)

		For the years ended December 31,		
	Notes	**2020**	2019	2018
Forwarded balance				
CASH FLOWS FROM FINANCING ACTIVITIES				
Additional share capital	*14*	**53,084,000**	27,150,000	-
Additional paid-in capital	*14*	**426,567,980**	226,900,000	-
Proceeds from bank loan	*12*	**119,177,600**	253,062,480	276,370,000
Payments to loans from individuals	*11*	**(44,906,529)**	-	-
Proceeds from (payments to) advances from shareholders	*13*	**(260,878,684)**	(79,995,224)	82,623,908
Interest paid	*12*	**13,830,175**	11,456,490	-
Net cash provided by financing activities		**306,874,542**	438,573,746	358,993,908
NET INCREASE (DECREASE) IN CASH		**32,650,831**	(32,519,453)	(143,246,972)
CASH, beginning of the year		**15,371,215**	47,890,668	191,137,640
CASH, end of the year	*6*	**48,022,046**	15,371,215	47,890,668

See accompanying Notes to Financial Statements

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO INC.

NOTES TO FINANCIAL STATEMENTS
As at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018
(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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.

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 may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located in 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed by December 2018. However, due to circumstances beyond the control of Management, this was moved to April 2021 in which the hospital is estimated to be fully completed and operational.

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that re directly affected by the interest rate benchmark reform. A hedging relationship is affected if

the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of "material":

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company's financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

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

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.

- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:

  i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;

  ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;

  iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and

  iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

<u>Standards Issued but not yet Effective:</u>

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 1, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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

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

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

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

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

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

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

If not presented separately in the statement of comprehensive income, 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 statement of comprehensive income include(s) such proceeds and cost.

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

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

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

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

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

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

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

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

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

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 future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

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

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

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

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

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

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

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

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

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

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

Effective Beginning on or after January 01, 2023

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

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement 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.

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 contacts 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 contacts (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.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Deferred Effectivity

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and 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 Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, *Confirming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, *Leases*, for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, *Investment Property*, has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15-Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, *Leases,* and Philippines Interpretation SIC-15, *Operating Leases - Incentives*
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, *Separate Financial Statements)* in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, ***Accounting for step acquisition of a subsidiary in a parent***

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.

b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, ***PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation ("ARO")***

The interpretation clarifies the recognition of ARO under the following scenarios:

1) <u>Accounting for ARO at lease commencement date</u>

   The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) <u>Change in ARO after initial recognition</u>

   2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO- related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

   2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

      a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

      b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, ***Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets***

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, ***Accounting for variable payments with rent review***

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, ***Determining the current portion of an amortizing loan/lease liability***

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, ***PFRS 16, Leases – Determining the Lease Term***

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration

and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, *PFRS 16 - Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	**Lessor**	**Old lessor**	**New Lessee**	**Basis**
1	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of- use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-		• PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

	Transaction	Treatments in the financial statements of Lessor	Old lessor	New Lessee	Basis
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold	• Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

	Transaction	Treatments in the financial statements of Lessor	Old lessor	New Lessee	Basis
				improvement in accordance with PAS 16 or PAS 40.	
5	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par.18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; • Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.		Recognize as part of the cost of the right-of- use asset.	• PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

PIC Q&A No. 2020-07, ***PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.***

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed. Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020 • If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed • If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes"

- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed

- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return

- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation. Management is still evaluating the impact of the amendment on the Company's financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

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

Current versus Noncurrent Classification

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

An Asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

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

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

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

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

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and receivable – others as at reporting dates (see Note 6).

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and 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 or loss.

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

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

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

Impairment

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

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

For advances to related party, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

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.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognized in the statements of 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 statement of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (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 statement of comprehensive loss.

Offsetting of financial instruments

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

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

Cash

Cash in the statement of financial position comprise of cash in banks and on hand and short-term highly liquid deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Receivable – others has many forms such as advances to contractors and advances to suppliers.

Advances to a related party and loans receivable 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

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 expense as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

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

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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

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

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

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

Impairment of Non-Financial Assets

At each reporting date, the Company 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 measured at par value for all shares issued.

Share premium

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

Deficit

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

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

<u>Revenue from Contracts with Customers</u>

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 service income from hospital services nor medical goods since the hospital is still in its construction in progress stage, thus the Company is said to be not in commercial operations as of December 31, 2020.

Revenue Recognition outside the Scope of PFRS 15

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

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

Employee Benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

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

However as at reporting dates, the Company has not yet established a fund retirement benefits plan for its employees since the Company has not yet started its commercial 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Related Party Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

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

<u>Current tax</u>

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

<u>Deferred tax</u>

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss or directly in equity respectively.

Earnings (Loss) per Share

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

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

Provisions and Contingencies

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

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

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

Events After the Reporting Period

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

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

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

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.

Critical Judgments in Applying 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:

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

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Determination of Whether a Lease is a Finance or Operating Lease

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

<u>Operating Lease Commitments – Company as Lessee</u>

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

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, subheadings Provisions and Contingencies.

Key Sources of Estimation Uncertainty

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:

Estimating useful lives of assets

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

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

Categories	Estimated Useful Life
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, 2020 and 2019, the Company's property and equipment had carrying amounts of ₱281,584,665 and ₱155,918,076, respectively, as disclosed in Note 8. Total accumulated depreciation as at December 31, 2020 and 2019 amounted to ₱1,020,339 and ₱597,391, respectively, as disclosed in Note 8.

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, 2020, and 2019, 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 ₱228 as at December 31, 2020 (see Note 18).

Deferred tax assets with full valuation allowance as at December 31, 2020, 2019 and 2018 amounted to ₱29,853,239, ₱19,407,828 and ₱8,930,906, respectively (see Note 18).

Estimating allowances for doubtful accounts

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

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

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at December 31, 2020 and 2019, Management believes that there are no expected credit losses in relation to their receivable - others accordingly, no loss allowance was recognized for the year. Total receivable - others as at December 31, 2020 and 2019 amounted to ₱140,652 and ₱ 167,922, respectively.

NOTE 6 - CASH

This account consists of:

	2020	2019
Cash on hand	**30,000**	30,000
Cash in bank	**47,992,046**	15,341,215
	48,022,046	15,371,215

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

Cash in banks and cash equivalents generally earn interest at the bank's deposit rates. Interest earned from cash in banks amounted to ₱95,937, ₱97,953 and ₱115,966 in 2020, 2019 and 2018, respectively, and is presented as part of "other income" in the statements of comprehensive loss.

Unrealized foreign exchange gain (loss) resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱-0-, (₱179,510) and ₱22,009 in 2020, 2019 and 2018, respectively, and is presented in the statements of comprehensive loss (see Notes 15 and 16).

NOTE 7 - ADVANCES TO CONTRACTORS AND SUPPLIER

This account consists of:

	2020	2019
Advances to contractors[1)]	**46,605,879**	30,955,691
Advances to supplier[2)]	**7,022,271**	3,515,904
	53,628,150	34,471,595

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

NOTE 8 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at December 31, 2020 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Additions	-	908,616	224,192,845	34,885,262	-	-	259,986,723
Disposal	-	-	-	(2,536,875)	-	-	(2,536,875)
At end of year	**28,291,630**	**2,594,493**	**291,678,238**	**90,921,038**	**473,521**	**6,395**	**413,965,315**
Accumulated depreciation:							
At beginning of year	-	597,213	-	-	-	178	597,391
Depreciation	-	420,995	-	-	-	1,953	422,948
At end of year	-	**1,018,208**	-	-	-	**2,131**	**1,020,339**
Net carrying value, December 31, 2020	**28,291,630**	**1,576,285**	**291,678,238**	**90,921,038**	**473,521**	**4,264**	**412,944,976**

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

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,107,976	67,485,393	-	-	-	96,884,999
Additions	-	577,901	-	58,572,651	473,521	6,395	59,630,468
At end of year	28,291,630	1,685,877	67,485,393	58,572,651	473,521	6,395	156,515,467
Accumulated depreciation:							
At beginning of year	-	291,930	-	-	-	-	291,930
Depreciation	-	305,283	-	-	-	178	305,461
At end of year	-	597,213	-	-	-	178	597,391
Net carrying value, December 31, 2019	28,291,630	1,088,664	67,485,393	58,572,651	473,521	6,217	155,918,076

Depreciation on kitchen tools, medical and hospital equipment shall commence when the hospital is in commercial operations.

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, 2020. Advances to related party amounting to ₱163,423,514 (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, 2020 and 2019, 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 2019	Amount of Transactions 2020	As at end of year 2020
Payment to contractors	899,659,490	**159,339,575**	**1,058,999,065**
Capitalized borrowing cost	54,250,616	**36,964,760**	**91,215,376**
Other related costs	39,333,520	**25,880,106**	**65,213,626**
	993,243,626	**222,184,441**	**1,215,428,067**

During the development of the hospital building, borrowing costs on interest-bearing loans 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-four percent 20/100 (94.20%).

NOTE 10 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2020	2019
Retention payable[1)]	**39,605,125**	31,199,534
Accrued interest payable[2)]	**30,806,165**	4,903,402
Accounts payable – contractors and suppliers[3)]	**24,273,812**	30,344,249
Government liabilities[4)]	**1,226,680**	751,701
Accrued expense[5)]	**750,305**	311,185
	96,662,087	67,510,071

[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 of the project and final acceptance by the Company.

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

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

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

[5)]Accrued expense is 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:

	2020	2019
Current portion:		
Notes payable – construction-in-progress	**13,905,691**	17,970,720
Notes payable – medical equipment	**5,487,559**	-
	19,393,250	17,970,720
Non-current portion:		
Notes payable – construction-in-progress	**616,867,909**	539,741,280
Notes payable – medical equipment	**240,128,921**	199,500,480
	856,996,830	739,241,760
	876,390,080	757,212,480

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 for building financing. 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% - 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 of hospital building amounted to ₱36,964,760, ₱34,355,732 and ₱17,895,862 as at December 31, 2020, 2019 and 2018, 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 ₱13,830,175, ₱11,456,490 and ₱-0- in December 31, 2020, 2019 and 2018, 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 were carried out with related parties as at December 31, 2020 and 2019:

Category	Outstanding Balance 2018	Amount of Transactions 2019	Outstanding Balance 2019	**Amount of Transactions 2020**	**Outstanding Balance 2020**	Terms	Conditions
Receivable – others (various ACE hospitals)	-	53,931	53,931	**(6,459)**	**47,472**	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
Advances to related party	250,327,056	38,711,983	289,039,039	**(256,975,836)**	**32,063,203**	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
	250,327,056	38,765,914	289,092,970	**(256,982,295)**	**32,110,675**		
Accounts Payable - Endure Medical, Inc.	-	22,032,294	22,032,294	**(19,862,337)**	**2,169,957**	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Advances from shareholders	340,873,908	(79,995,224)	260,878,684	**(260,878,684)**	-	Non-interest bearing, to be paid in cash (b)	Unsecured, unguaranteed, not impaired
	340,873,908	(57,962,930)	282,910,978	**(280,741,021)**	**2,169,957**		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have 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 (see Note 8).

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 from shareholders

In the special meeting of the Board held last May 7, 2018, the 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.

Key Management Personnel Compensation

Key management compensation amounted to ₱4,690,000 and ₱3,075,000 for the years ended December 31, 2020 and 2019, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

In 2018, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2018 (see Note 16).

NOTE 14 - SHARE CAPITAL

Details of the Company's share capital as at December 31, 2020:

	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	**234,420**	**234,420,000**
Total subscribed share capital	**235,020**	**235,020,000**
Paid-up share capital (net of subscription receivable ₱13,786,000):		
Founder's shares	**600**	**600,000**
Common shares	**234,420**	**220,634,000**
Total paid-up share capital	**235,020**	**221,234,000**

Details of the Company's share capital as at December 31, 2019:

	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	230,550	230,550,000
Total subscribed share capital	231,150	231,150,000
Paid-up share capital (net of subscription receivable ₱63,000,000):		
Founder's shares	600	600,000
Common shares	230,550	167,550,000
Total paid-up share capital	231,150	168,150,000

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).

During the year, pursuant to the SEC's approval, the Company issued an additional **FIFTY THREE THOUSAND EIGHTY-FOUR (53,084)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱426,567,980. The common share offer price amounted to ₱200,000 up to ₱300,000 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 consists of:

	2020	2019	2018
Interest income (Note 6)	**95,937**	97,953	115,966
Gain on sale from scraps	**11,380**	-	-
Unrealized forex gain (Note 6)	**-**	-	22,009
	107,317	97,953	137,975

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

Details of account consists of:

	Notes	**2020**	2019	2018
Salaries and allowances[1)]	*13*	**10,607,015**	9,990,330	3,486,660
Board meetings and meals	*13*	**9,960,373**	1,815,312	2,359,644
Professional fee and legal fees[2)]		**2,299,496**	5,561,460	6,035,067
Security services		**1,625,740**	1,081,964	-
Taxes and licenses		**1,350,661**	1,775,777	2,560,748
Insurance expense		**777,807**	715,015	181,292
Utilities		**760,656**	528,286	191,902
SSS, PHIC and HDMF Contributions		**516,045**	333,792	268,769
Depreciation	*8*	**422,949**	305,461	135,788
Transportation and travel	*13*	**374,228**	1,025,919	1,123,206
Rental[3)]	*17*	**316,000**	1,725,859	1,004,550
Office supplies		**260,391**	439,014	115,019
Advertising expenses		**249,143**	-	247,183
Unrealized forex loss	*6*	**-**	179,510	-
Miscellaneous		**125,848**	426,800	1,234,322
		29,646,352	25,904,499	18,944,150

[1)]The increase in 2020 and 2019 is due to payment of salaries of directors and officers.

[2)]Material amount of professional fees in 2019 is due to payment for the processing of the secondary licenses of the Company and for enganging a financing officer who shall primarily be responsible in managing the Company's finances, record-keeping, and financial reporting.

[3)]Decrease in rental expense during the year is due to the termination of the office space lease agreement.

NOTE 17 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space and warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Lease agreement includes payment of security deposit amounting to ₱15,000 and ₱225,000 as at December 31, 2020 and 2019, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages.

Total rental expense amounted to ₱265,200, ₱1,725,859 and ₱1,004,550 in 2020, 2019 and 2018, respectively (Note 16).

During the year, the Company has not renewed the lease agreement for the office space since the administration function of the Company has moved to the construction site of the hospital building.

NOTE 18 - INCOME TAX EXPENSE

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

I. Regular Corporate Income tax (RCIT)	2020	2019	2018
Net loss before income tax	(43,369,210)	(37,263,036)	(18,806,175)
Add (deduct) reconciling items:			
Unrealized forex loss	-	179,510	-
Interest expense arbitrage	39,574	40,406	-
Interest income subjected to final tax	(95,937)	(97,953)	(115,966)
Unrealized forex gain	-	-	(22,009)
Net operating loss	(43,425,573)	(37,141,073)	(18,944,150)
Tax rate	30%	30%	30%
RCIT	**NIL**	NIL	NIL

II. Minimum Corporate Income Tax (MCIT)	2020
Gross income	107,317
Add (deduct) reconciling items:	
Interest income subjected to final tax	(95,937)
Gross taxable income	11,380
Tax rate	2%
MCIT	228

As at December 31, 2019 and 2018, the Company did not generate any revenues subject to minimum corporate income tax.

III. Tax Due (RCIT or MCIT whichever is higher)	2020
MCIT	228
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	228

IV. Deferred Tax Asset

As at December 31, 2020, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and icome tax payable, respectively, are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2017	2020	8,607,537	-	(8,607,537)	-	-
2018	2021	18,944,150	-	-	-	18,944,150
2019	2022	37,141,073	-	-	-	37,141,073
		64,692,760	**-**	**(8,607,537)**	**-**	**56,085,223**

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	**2025**	**56,085,223**	**43,425,573**	**-**	**-**	**99,510,796**

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	**2023**	**-**	**228**	**-**	**-**	**228**

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

	2020	2019	2018
NOLCO	**99,510,796**	64,692,760	29,769,686
Tax rate	**30%**	30%	30%
	29,853,239	19,407,828	8,930,906
MCIT	**228**	-	-
	29,853,467		
Valuation allowance (Note 5)	**(29,853,239)**	(19,407,828)	(8,930,906)
Deferred tax asset	**228**	-	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years period that can be charged against income of the next three taxable years.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since Management believes that the Company will not be able to generate future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented as part of "other non-current assets" in the statements of financial position.

NOTE 19 - CREATE ACT

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax rate from 30% to 20% applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's 2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	228	171	(57)
2. Income tax payable	228	171	(57)
3. Interest expense arbitrage	39,574	31,779	(7,795)

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2020	2019	2018
Loss attributable to ordinary shares	**(43,369,210)**	(37,263,036)	(18,806,175)
Divide by: Weighted average number of ordinary shares outstanding	**235,020**	231,150	204,000
Basic loss per share	**(184.53)**	(161.21)	(92.19)

There are no potential dilutive ordinary shares outstanding as at December 31, 2020, 2019 and 2018.

NOTE 21 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

Interest rate risk

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

The Company's financial instruments that are interest-bearing are its cash notes payable (Note 6).

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

<u>Cash</u>

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

<u>Receivable - others</u>

The Company has no significant concentrations of credit risk on receivable - others. The Company's receivable - others are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's receivable - others.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

2020	**1 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and other liabilities*	**95,435,407**	**-**	**95,435,407**
Loans payable to individuals	**30,343,471**	**-**	**30,343,471**
Notes payable	**19,393,250**	**856,996,830**	**876,390,080**
	145,172,128	**856,996,830**	**1,002,168,958**

2019	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	66,758,370	-	66,758,370
Loans payable to individuals	75,250,000	-	75,250,000
Notes payable	17,970,720	739,241,760	757,212,480
Advances from shareholders	-	260,878,684	260,878,684
	159,979,090	1,000,120,444	1,160,995,534

**excluding government liabilities*

NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

	2020		2019	
Financial assets	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Cash	**47,992,046**	**47,992,046**	15,341,215	15,341,215
Receivable - others	**140,652**	**140,652**	167,922	167,922
	48,132,698	**48,132,698**	15,509,137	15,509,137

Financial liabilities	2020 Carrying Value	2020 Fair Value	2019 Carrying Value	2019 Fair Value
Accounts payable and other liabilities	**95,435,407**	**95,435,407**	66,758,370	66,758,370
Loans payable to individuals	**30,343,471**	**30,343,471**	75,250,000	75,250,000
Notes payable	**876,390,080**	**876,390,080**	757,212,480	757,212,480
Advances from shareholders	**-**	**-**	260,878,684	260,878,684
	1,002,168,958	**1,002,168,958**	1,160,995,534	1,160,995,534

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables – others, accounts payable and other liabilities and loans payable to individuals, their carrying amounts approximate their fair values.

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

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

NOTE 23 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	2020	2019
Total liabilities	**1,003,395,866**	1,160,851,235
Total equity	**764,060,314**	327,777,544
	1.31 : 1	3.54 : 1

The loan agreement provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 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 date, all covenants and requirements are complied with except for the required financial ratios wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 24 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Philippine Government, as a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization's (WHO) call for global response to combat the outbreak, as well as cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Presently, the full impact of the lingering COVID 19 outbreak continues to evolve as of the date of this report and have threatened to impose its negative impact on the financial condition and results of operations, particularly solvency and liquidity, including the industry workforce and the supply chain.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.
However, since the Company has not started commercial operations, Management, therefore, have ascertained that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on its financial standing or status and that no uncertainties yet, related to going concern may be applicable to the Company.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at December 31, 2020, including its comparatives as at 2019 and for the years ended 2019 and 2018, were approved and authorized for issuance by the Board of Directors on April 18, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR) 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS is presented as follows:

Output and Input Value-Added Tax

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

Documentary Stamp Tax

Documentary stamp tax paid by the Company for the year is as follow:

	2020
Documentary stamp tax for loans payable charged to taxes and licenses	893,832
Documentary stamp tax for subscription of shares	118,500
	1,012,332

Taxes and licenses

Details of the Company's other local and national taxes for the year are as follows:

	2020
Documentary stamp tax	1,012,332
Real property tax	15,119
Notarial fees	53,100
Others	270,110
	1,350,661

Withholding Taxes

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

	2020
Expanded withholding taxes	2,705,155
Compensation withholding tax	609,159
	3,314,314

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, 2020.

RR 19-2020 and RR 34-2020

During the year, 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.

* * *

BOA License No. 0416 (Up to May 25, 2021)
SEC Accreditation No. 0383 - F (Group B) (Up to September 9, 2022)
BIR Accreditation No. 08-002906-000-2020 (Up to April 13, 2023)

REPORT ON ADDITIONAL COMPONENTS OF THE FINANCIAL STATEMENTS

The Board of Directors and Stockholders
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
2nd floor, Iloilo Medical Society Building,
Luna Street, Brgy. Bantud,
Lapaz, Iloilo City

We have audited the accompanying financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.** as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered the attached report dated April 18, 2021. The supplementary information shown in Appendix A, as additional component required by Rule 68, Part 1, Section 4 of the Revised Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audits of basic financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

For the firm : DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S

MARIA TERESITA ZUNIGA-DIMACULANGAN
Partner
CPA Certificate No. 0036077
SEC Accreditation No. 1777-A (Group B) (September 10, 2019 to September 9, 2022)
BOA Registration No. 0416 (October 19, 2018 to May 25, 2021)
BIR Accreditation No. 08-002906-001-2020 (April 14, 2020 to April 13, 2023)
Tax Identification No.133-451-815
PTR No. MKT8547296
January 14, 2021

April 18, 2021
Makati City
Philippines

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
As of December 31, 2020

Ratio	Formula	December 31, 2020	December 31, 2019
Liquidity Ratios:			
Current Ratio	Current Assets	**134,067,909**	339,242,077
	Current Liabilities	**146,399,036**	160,730,791
		0.92:1	2.11:1
Quick Ratio	Quick Assets	**48,022,046**	15,371,215
	Current Liabilities	**146,399,036**	160,730,791
		0.33:1	0.10:1
Solvency Ratios:			
Debt-to-Equity Ratio	Total Liabilities	**1,003,395,866**	1,160,851,235
	Total Equity	**764,060,314**	327,777,544
		1.31:1	3.54:1
Asset-to-Equity Ratio	Total Assets	**1,767,456,180**	1,488,628,779
	Total Equity	**764,060,314**	327,777,544
		2.31:1	4.54:1
Profitability Ratios:			
Interest Rate Coverage Ratio	Net Income (Loss) Before Interests and Taxes	**(29,539,035)**	(25,806,546)
	Interest Expense	**13,830,175**	11,456,490
		-2.14:1	-2.25:1
Return on Equity	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Total Equity	**764,060,314**	327,777,544
		-5.68%	-11.37%
Return on Assets	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Total Assets	**1,767,456,180**	1,488,628,779
		-2.45%	-2.50%
Net Profit Margin	Net Profit (Loss)	**(43,369,210)**	(37,263,036)
	Revenues	**-**	-
		N/A	N/A

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
Statement of Accumulated Deficit
As of December 31, 2020

Accumulated Deficit, beginning of the year	**₱**	**(67,272,456)**
Net loss incurred for the year		
Net Loss for the year		**(43,369,210)**
Accumulated Deficit, end of the year	**₱**	**(110,641,666)**

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020

Allied Care Experts (ACE) Medical Center - Iloilo Inc.
2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		**(67,272,456)**
Add: **Net Income (Loss) actually earned/realized during the period**		
Net loss during the period closed to Retained Earnings	(43,369,210)	
Less: **Non-actual/unrealized income net of tax**		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the reatined earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	-	
Add: **Non-actual Losses**		
Depreciation on revalution increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net Income Actually Earned During the Period		**(43,369,210)**
Add (Less):		
Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury Shares	-	
Sub-total		-
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		**(110,641,666)**

SCHEDULES

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO INC.
As of December 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Cash	N/A	48,022,046	N/A	95,937
Receivable - others	N/A	140,652	N/A	N/A

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
Advances to related party	289,039,039	-	256,975,836	-	32,063,203	-	32,063,203

Schedule C. Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule D. Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in related statement of financial position
Interest-bearing Notes Payable	876,390,080	19,393,250	856,996,830

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Advances from shareholders	260,878,684	-

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Founder's Share	600	600	-	-	59	-
Common Shares	239,400	220,634	-	-	59	-

ANNEX B

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO

Summary of 17-C REPORT 2020

January 8, 2020

- Report on the acceptance of the irrevocable resignation of Dr. Amado C. Enriquez as Chairman and Election of Dr. Ferjenel G. Biron as Chairman and change of schedule of Annual Stockholders Meeting.

February 19, 2020

- Report on the Resignation as Independent Director of Lemuel Fernandez and Election by the BOD of Lemuel Fernandez as Director vice Amado Enriquez and Election of Felibert Dianco as Independent Director vice Lemuel Fernandez

May 14, 2020

- Report on the Authorization of Ferjenel G. Biron to request Land Bank of the Philippines to extend the maturity date of the Term of Loans and Application for a Chattel Mortgage from Land Bank of the Philippines to finance the acquisition of various equipment and Postponement of Annual Stockholder's Meeting,

August 5, 2020

- Report on the Schedule of the Annual Stockholders' and Election of Board of Directors for the year 2020.

September 1, 2020

- Report on the Postponement of the Annual Stockholders' Meeting and Approval by the Board of the business address of Allied Care Experts (ACE) Medical Center-Iloilo Inc. from Iloilo Medical Society, Brgy. Bantud, Luna Street, Lapaz, I.C. to Brgy. Ungka I, Jaro, Iloilo City.

September 18, 2020

- Report on the Postponement of the Annual Stockholders' Meeting.

September 29, 2020

- Report on the Disqualification of one of the Independent Directors

November 3, 2020

- Report on the Election of 2020 Board of Directors and Officers

December 4, 2020

- Report on the Appointment of Dr. Felibert O. Dianco as Lead Independent Director and recognition of the Board of Dr. Ramiro as Independent Director in a hold-over capacity. Amending Pages 33,35,53-58, 60-74 and the Table of Contents

"ANNEX C"

SECURITIES AND EXCHANGE COMMISSION
SEC FORM CG – 2020

CERTIFICATE

I, **MAYLENE B. VILLANUEVA**, of legal age and with office address at Brgy. Ungka I, JAro, Iloilo City,after being sworn to in accordance with law, hereby depose and state that:

1. I am the incumbent Compliance Officer of Allied Care Experts (ACE) Medical Center - Iloilo, Inc. (the "Company"), a corporation duly organized and existing in accordance with the laws of the Republic of the Philippines, with principal office address at Iloilo Medical Society, Lapaz, Iloilo City 5000.

2. In 2020, the Company 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);

3. During the same year, the Company deviated from the following recommendations of the CG Code for PCs and RIs for the reasons stated below:

Recommendation/s	Explanation/s
(Please see attached Annex A)	

(Please use additional sheet if necessary)

4. I am issuing this Certificate in compliance with the requirement of the Securities and Exchange Commission on the annual reporting of the extent of the Company's compliance with the CG Code for PCs and RIs.

IN WITNESS WHEREOF, I have signed this Certificate this ____ day of 29 JAN 2021, at Quezon City, Philippines.

MAYLENE B. VILLANUEVA
Compliance Officer

Countersigned by:

FERJENEL. G. BIRON
President/ Chief Executive Officer

SUBSCRIBED AND SWORN TO before me this ____ day of 29 JAN 2021, at Quezon City, Philippines, affiant exhibiting to me her competent evidence of identity bearing her signature and photograph, Passport ID No. P3513874A, issued on 06/28/17, at DFA Manila and valid until 27 June 2022.

WITNESS my hand and notarial seal on the date and place above written,

NOTARY PUBLIC

Doc. No.: 467
Page No.: 94
Book No.: VI
Series of 2021

ATTY. JENNAMARY LEEN L. RENONG
Notary Public for Quezon City
Admin Matter No. 004 (2020-2021)
Attorney's Roll No. 60846; 03-26-12
IBP Membership No. 137511; 01-04-2021; Quezon City
MCLE Compliance No. VI-0028020; April 14, 2022
PTR No. 9341567; 01-04-2021; Quezon City
Commission expires on December 31, 2021

ANNEX A

RECOMMENDATIONS	EXPLANATION
Recommendation 1.5 The Board should ensure that it is assisted in its duties by a Corporate Secretary, should be a separate individual from the same Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.	The position of a Corporate needs to be occupied by someone who has a legal background and at the time familiar with the history and strategic direction of the hospital. At the moment, aside from cost Considerations entailed by hiring separate individuals for the position of the Corporate Secretary and Compliance Officer, the Corporation has not found a suitable candidate for Corporate Secretary aside from the current Compliance Officer whom they think will be effective for the current needs of the Corporation which is preparing for the opening of the Hospital.
Recommendation 1.6 The Board should ensure that it is assisted in its duties by a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.	The rank of Senior Vice President was not specified in the current Manual on Corporate Governance due to the objection of some directors although by virtue of the principle of non-dimunition of rank and benefit espoused in the Labor Code of the Philippines, the Compliance Officer holds the rank of Senior Vice President as it had been previously stated in the 2019 Manual on Corporate Governance.
Recommendation 3.4 Subject to a corporation's size, risk profile, nature and complexity of operations, the Board should establish a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management System to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) directors, the majority of whom should be independent directors, including the Chairperson. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.	The present MCG did not provide for the creation of a Board Risk Oversight Committee (BROC) as it is not yet operational.

Recommendation 5.1:	
The Board should be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to carry out proper checks and balances.	Instead of should, the company used the term may in the MCG as it had not started its operations and the Board deem it necessary that during the pre- operation until the commencement of the operations of hospital, the Board must be comprised mostly of executive directors who are considered founders and most familiar with the business model for alignment of strategies and policies.
Recommendation 5.2 :	
The Board should have at least two (2) independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher.	Due to the fact that the corporation is not yet operating its hospital, it is the business judgement of the Board to limit the Independent Directors to three (3) at the moment in order to accommodate more executive directors who are crucial in establishing the policies in preparation for the opening of the Hospital.
Recommendation 5.5	
The positions of Chairperson of the Board and Chief Executive Officer or its equivalent position, should be held by separate individuals and each should have clearly defined responsibilities.	It is the business judgement of the hospital the positions of Chairperson and Chief Executive Officer be occupied by the same person to provide an established and unified leadership prior to the operation of the hospital.