

## TABLE OF CONTENTS

### PART 1 – BUSINESS

Item 1.	Business	2
Item 2.	Properties	17
Item 3.	Legal Proceedings	19
Item 4.	Submission of Matters to a Vote of Security Holder	20

### PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5.	Market Price for Registrant's Common Equity and Related Stockholder Matters	20
Item 6.	Management's Discussion and Analysis or Plan of Operation.	24
Item 7.	Financial Statements	31
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	31

### PART III – CONTROL AND COMPENSATION INFORMATION

Item 9.	Directors and Executive Officers of the Issuer	32
Item 10.	Executive Compensation	43
Item 11.	Security Ownership of Certain Beneficial Owners and Management	45
Item 12.	Certain Relationships and Related Transactions	48

### PART IV – CORPORATE GOVERNANCE

Item 13.	Corporate Governance	49
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### PART V – EXHIBITS AND SCHEDULES

Item 14.	Exhibits and Reports on SEC Form 17-C	50
	(a) Exhibits	
	(b) Reports on SEC Form 17-C	

### SIGNATURES

50

### INDEX FOR EXHIBITS


Annex A AFS 2023	51
Annex B 2023 17-C Reports	118

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 2023
2. SEC Identification Number CS201423954                      3. BIR Tax Identification No. 008-922-703
4. Exact name of issuer as specified in its charter:  
ASIA PACIFIC MEDICAL CENTER – ILOILO INC. (FORMERLY KNOWN AS ALLIED CARE EXPERTS  
(ACE) MEDICAL CENTER - ILOILO INC.)

5. Iloilo City, Philippines    6.  (SEC Use Only)  
Province, Country or other jurisdiction of                      Industry Classification Code:  
Incorporation or organization

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

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

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

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

Title of Each Class "	Number of Shares of Common Stock	Outstanding and Amount of Debt Outstanding
Founder.....	600	
Common	239,360	

The total outstanding debt of the company as of December 31, 2023 is P 1, 604, 074, 039

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").

600 Founder Shares sold at PhP 1,000.00 per share	PhP 600,000.00
203,400 Common Shares sold at PhP 1,000.00 per share	PhP 203,400,00
26,000 First Tranche of IPO shares sold at PhP 250,000 per block	PhP 650,000,000.00
5,000 Second Tranche of IPO shares sold at PhP 300,000 per block	PhP 150,000,000.00
4,960 Second Tranche of IPO shares sold at PhP 400,000 per block	PhP 198,400,000.00
<b>TOTAL AGGREGATE MARKET VALUE</b>	<b>PhP 1,202,400,000.00</b>

One block is equivalent to Ten (10) shares

**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. If any of the following documents are incorporated by reference, briefly describe them, and identify the part of SEC Form 17-A into which the document is incorporated:
- a) Audited Financial Statements as of and for the year ended December 31, 202 (incorporated as reference for Items 7 and 12 of Sec Form 17-A)

**PART 1 – BUSINESS AND GENERAL INFORMATION**

**Item 1. Business**

**BUSINESS DEVELOPMENT**

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

APMCI was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities, and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research, and other allied undertakings and services which shall

provide medical, surgical, nursing, therapeutic, paramedic, or similar care. Purely professional, medical, or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

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

On 14 April 2023, the Board of Investments approved the registration of the Company as a New Operator of General Hospital Level 2 under Tier I of the 2022 Strategic Investment Priority Plan (SIPP) of R.A. 115334 (CREATE Act) . The registration entitles the Company an Income Tax Holiday for six (6) years, enhanced deduction for five years and duty exemption for eleven (11) years.

As of 31 December 2023, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by the Company is at **99.86%**.

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

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

## **BUSINESS OF THE ISSUER**

On 3 November 2023, the Company was issued its License to Operate as a Tertiary Level 2 Hospital by the Department of Health. It commenced operations on 13 November 2023 with the opening of its Outpatient Departments and started admitting patients on 8 December 2023.

The principal products and/or services offered by the Hospital are divided into Routine Services and Ancillary Services. The Routine Services include room and board, general nursing units, perioperative services, critical care and emergency services. Ancillary Services include dietetics, pharmacy, pathology and clinical laboratories, radiology, pulmonary and respiratory therapy, rehab medicine, heart station, neuroscience, and audiology and dermatology.

Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center -Iloilo Inc.) is a 9 – storey 100 – bed capacity hospital with helipad and perimeter and basement parking that can accommodate 6 Mini buses, 5 ambulances ,80 cars and 11 motorcycles with total floor area of 28,550.50 sq. meters constructed in a 6,000 sq.m. property located at Brgy. Ungka, Jaro, Iloilo City. It intends to apply for additional authorized bed capacity as soon as hospital admissions exceed the current authorized bed capacity. It provides services to residents of Jaro, Iloilo City, nearby Barangays and Municipalities, the whole of Iloilo and the neighboring provinces which are considered its catchment areas.

APMCI is a multidisciplinary specialty medical facility that houses medical specialists who are subscribers to the capital stock of the Corporation. The markets for its shares are mostly medical specialists and individuals who are related to medical specialists and corporate investors who invested their money in the hospital.

The act of purchasing the securities being offered does not automatically entitle

such purchaser to practice his profession and use the facilities of APMCI, although it is a prerequisite. Physicians and medical specialists who are subscribers to 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 APMCI pursuant to its rules and duly approved resolutions. Medical Specialists who have been granted the privilege to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

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

### **TERTIARY LEVEL 2 HOSPITAL**

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

APMCI will be a Tertiary Level 2 Hospital. Under the Rules and Regulations Governing the New Classification of Hospitals and Other Health Facilities in the Philippines (Effective: August 18, 2012), the following are the minimum requirements for Level 2 Hospitals:

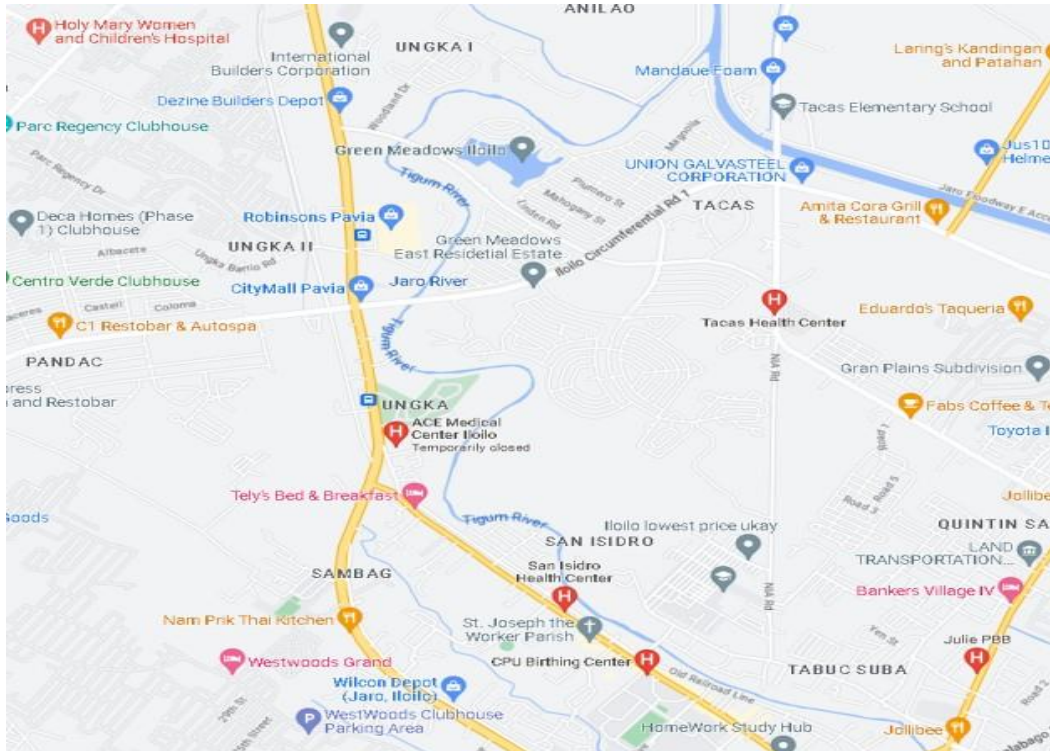
A Level 2 Hospital shall have as minimum, all of Level I capacity, including, but not limited to, the following:

1. An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate board-certified Clinical Department Heads
2. Departmentalized and equipped with the service capabilities needed to support board-certified/eligible medical specialists and other licensed physicians rendering services in the specialties of Medicine, Pediatrics, Obstetrics and Gynecology, Surgery; their subspecialties and ancillary services;
3. Provision for general ICU for critically ill patients.
4. Provision for NICU (Neonatal Intensive Care Unit)
5. Provision for HRP (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.

### **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:

<b>NAME OF HOSPITAL</b>	<b>ADDRESS</b>	<b>BED CAPACITY</b>	<b>CATEGORY</b>	<b>LEVEL CLASSIFICATION</b>
AMOSUP (Associated Marine Officers' and Seamen's Hospital Iloilo)	Onate St., Mandurriao, Iloilo City	40	Private	2
Iloilo Doctors Hospital	Infante St., Molo, Iloilo City	300	Private	3
Iloilo Mission Hospital	Mission Road, Jaro, Iloilo City	261	Private	3
Medicus Medical Center Iloilo	Dr. Rizalina Bernardo Avenue, San Rafael Mandurriao, Iloilo City	150	Private	2
Metro Iloilo Hospital and Medical Center, Inc.	Metropolis Avenue, Brgy., Tagbak, Jaro, Iloilo City	110	Private	2
Qualimed Hospital	Donato Pison Avenue, San Rafael Mandurriao, Iloilo City	100	Private	2
St. Paul's Hospital	General Luna St., Brgy., Danao, Iloilo City	265	Private	3
The Medical City Iloilo	Locsin St., Molo, Iloilo City	108	Private	2
West Visayas State University Medical Center	E. Lopez St., Jaro, 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 APMCI primarily influences the decision of the medical specialists to subscribe to the shares of stock in APMCI. Once the Doctor decides where to practice, price and quality of facility management come as the next factors. The good location, proximity to patients, reasonableness of the offer price, and quality of the facilities enable APMCI to effectively compete with its competitors within the area.

APMCI is primarily owned and managed by doctor specialists who have established a medical practice in the locality. This unique setup is a strong strategic factor of the hospital since each doctor-owner has established patient following in their respective fields. APMCI places itself as a center for Clinical Competence and Patient Safety. Among its flagship plans, will be the creation of a High-Risk Pregnancy and Women's Health Center, Male and Female Fertility Center, Health and Aesthetic Centre, Regenerative Medicine, and among other services, the hospital is preparing to build a Cardiac Cath laboratory and Rehabilitation Center, an Eye Center, and Oncology Center.

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

The hospital offers 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 makes sure that by following the policies of the Credentials and Privileging Committee, the medical staff of APMC Iloilo are clinically competent and certified specialists.

Aside from these, patients find a better ambiance with APMCI due to its carefully planned, designed, and 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.

APMCI offers the latest technology and laboratory and imaging facilities such as MRI, CT Scan, Mammogram and Echocardiography. It aims to be a one-stop shop for laboratory and imaging services when it offers Bone Densitometry and Liverelastometry in the future. It offers specialized services in its Regenerative Medicine Center, Hemodialysis Center, Blood Bank with additional functions, High Risk Pregnancy Unit and Endoscopy Center. Other Specialized services such as the following will also be provided in the next few years:

- Cardiac Catheter Laboratory
- Renal and Urology Center
- Endoscopy Center
- Oncology Center and Transfusion Unit
- Eye Center
- Neuro Laboratory
- Metabolic Wellness and Aesthetic Center
- Infertility Unit
- Human Milk Bank and Lactation Center
- Research Center

## **SUPPLIERS AND MAJOR CONTRACTORS**

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

1. Cab Construction Services – Drywall Partition and Ceiling
2. Pesco Air Conditioning and Engineering Services - Electrical
3. Crossworld Construction Supply – Louvers Fins, ACP Panels and Accessories
4. CAA Masonry Works – Floor Topping and Tiles, Epoxy Paint, Steel Railings

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

## **Major Suppliers of the Medical Equipment, Medical Supplies And Medicines 2023**

1. Jamesluse Medical Device Enterprises
2. TRIOMED Multi Sales Inc
3. CRR Medical & Diagnostic Distributors
4. Excel Global Inc.
5. Berovan Marketing Inc.
6. Endure Medical Inc.

## **TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES**

The Company has entered into a Memorandum of Agreement for the granting of discounts to its stockholders with the following hospitals and vice versa:



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

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

#### **GOVERNMENT APPROVAL**

Asia Pacific Medical Center - Iloilo Inc. has obtained the necessary permits to construct and operate the Hospital including its business units. The Company has complied with all annual renewal of other permits and licenses as of 31 December 2023.

#### **EMPLOYEES**

As of 31 December 2023, the Company has a total of 560 regular and probationary employees.

Below is the tile breakdown of the current manpower of APMCI.

<b>TYPE OF EMPLOYEES</b>	<b>NUMBER OF CURRENT EMPLOYEES</b>
EXECUTIVE OFFICERS	11
<b>OPERATIONS</b>	
ANCILLARY	159
NURSING SERVICE DIVISION	290
<b>SUPPORT SERVICES</b>	
Marketing	6
Human Resources	7
Information Technology	8
Guests Services	9
General Services	11
Facilities and Maintenance	13
Finance Logistic	21
Rooms Management/Admitting	8
Central Sterile Supply	4

There is no definite number of employees to be hired in the next 12 months as it would depend on the census in the next six (6) months and increase in the bed capacity of the hospital.

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

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

### **Medical Specialists**

Medical Specialists are Doctors who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the Credentials Committee and approved by the Board and Management of APMCI.

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

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

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

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

Currently, Asia Pacific Medical Center – Iloilo, Inc. (Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.) has a total of 273 Medical Specialists that practice within the hospital. The following is the tile breakdown of these medical specialists:

<b>No.</b>	<b>SPECIALIZATION</b>	<b>NO. OF PRACTITIONERS ACCREDITED BY THE CREDENTIALING AND PRIVILEGING COMMITTEE</b>
1.	Surgery	45
2.	Pediatrics	51
3.	Anesthesia	15
4.	Family Medicine	16
5.	Internal Medicine	80
6.	Laboratory Medicine	7

7.	Medical Imaging	18
8.	Obstetrics and Gynecology	41

### **TRADEMARKS**

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

### **EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE BUSINESS**

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

The following are noteworthy laws relevant to the Company:

#### **CREATE Act**

Rationale:

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

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

#### **THE Omnibus Investments Code of 1987**

By virtue of the registration of the Company with the Board of Investments, it is

entitled to tax incentives subject to the terms and conditions of its registration including but not limited to submission of reports.

### **The Data Privacy Act**

Republic Act 10173 – Data Privacy Act of 2012 and its Implementing Rules and Regulations ensure the security of personal data and information and impose certain requirements and obligations on 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. On August 27, 2023, the Company appointed Atty. Analie Genroso as its Data Protection Officer. The company has enacted policies which provide for organizational, physical and technical security measures geared towards data protection. These policies recognize the rights of the data subject to information, access and rectification of his personal information, among others. It also provides for the procedure to be undertaken in the event of data breaches or security incidents. The policy further requires that all outsourcing arrangements of the group involving personal data collection be compliant with the requirements of the law.

### **The Universal Healthcare Act**

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

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

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

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

### **The Food Safety Act of 2013**

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

The law aims for a high level of food safety, protection of human life and health

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

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

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

### **RA 9439**

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

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

### **ANTI HOSPITAL DEPOSIT LAW**

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

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

pregnant woman, permanent injury or loss of her unborn child as a result of the denial of his or her admission to the health facility, according to RA 10932.

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

### **The Foods, Drugs and Devices, and Cosmetics Act**

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

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

This law will regulate the operation of the hospital pharmacy.

### **Taxation**

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

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

### **Senior Citizens' Act**

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

## **Magna Carta for Disabled Persons**

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

## **Maximum Retail Prices for Drugs and Medicines**

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

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

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

## **Expanded Maternity Act**

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

## **National Integrated Cancer Control Law**

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

## **Laws enacted during the COVID-19 pandemic and related policies**

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

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

**DEPARTMENT CIRCULAR NO. 2022-0108**

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

#### **Environment - related Laws Philippine Clean Water Act of 2004**

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

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

#### **Philippine Clean Air Act of 1999**

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

The Philippine Clean Air Act of 1999 and its implementing rules and regulations provides that before any

business may be allowed to operate facilities and equipment, which emit regulated air pollutants, the establishment must first obtain a Permit to Operate Air Pollution Source and Control Installations. The EMB is responsible for issuing permits to operate air pollution source and control installations as well as monitoring and inspection of the facilities of the grantee of the permit.

#### **Solid Waste Management Act of 2000**

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

#### **Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990**

Republic Act No. 6969 this Act shall be known as “Toxic Substances and



Hazardous and Nuclear Wastes Control Act of 1990” its implementing rules and regulations, as well as DENR Administrative Orders 2013-25 and 2013-22, aim to regulate the management of ozone-depleting chemical substances and hazardous wastes generated by various establishments.

### **Costs and Effects of Compliance with Environmental Laws**

The Company incurred about One Hundred Twenty Million Nine Hundred Forty-Nine Thousand Two Hundred Eighteen Pesos and **17/100 (PhP120,949,218.17)** in expenses for environmental compliance for the year 2023. On an annual basis, operating expenses incurred by the Company to comply with environment laws are not significant or material relative to the Company and its total cost and revenues.

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

### **MAJOR RISKS**

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

#### **1. OPERATIONAL RISKS**

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

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

#### **2. CLINICAL PATIENT SAFETY**

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

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

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

#### **3. STRATEGIC RISKS**

Risks associated with the focus and direction of the organization. Because the rapid pace of change can create unpredictability, risks included within the strategic domain are associated with brand, reputation, competition, failure to adapt to changing times, health reform or customer priorities. Managed care

relationships/partnerships, conflict of interest, marketing and sales, media relations, mergers, acquisitions, divestitures, joint ventures, affiliations and other business arrangements, contract administration, and advertising are other areas generally considered as potential strategic risks.

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

#### **4. FINANCIAL RISK**

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

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

#### **5. HUMAN CAPITAL**

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

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

#### **6. LEGAL/REGULATORY**

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

#### **7. TECHNOLOGY**

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

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

### **Item 2. Properties**

The Asia Pacific Medical Center – Iloilo is a 9-storey, 206-bed capacity hospital with a helipad and one (1) basement parking level. The total floor area is around

28,550.50sq. m. Constructed at 6,000 sq. m. Property located at Barangay Ungka, Jaro, Iloilo City. It will also serve as a Referral Center for hospitals bearing the name Asia Pacific Medical Center and other institutions previously mentioned with which APMC - Iloilo Inc. has entered a Memorandum of Agreement.

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

The land described above is recorded in the books of the company at **Twenty-Eight Million Two Hundred Ninety-One Thousand Six Hundred Thirty Pesos (Php 28,291,630.00)**. Aside from land, the other properties acquired and owned by the company are as follows:

Since 2015 until 31 December 2023, the corporation has acquired office equipment composed of desktop and laptop computers, printers, photocopying machines, steel cabinets and office furniture amounting to **Twelve Million Four Hundred Thirteen and Five Pesos (Php 12, 413, 005.00 )** net of depreciation.

As of 31 December 2023, APMCI has acquired a total of **Three Hundred Forty Five Million Five Hundred Thirty Four Thousand Two Hundred Sixty One Pesos ( Php 345, 534, 261.00)** worth of medical equipment. These are operating room lights and tables, C-arm X-ray machine, Digital R/F machine, Digital Panoramic Dental Unit, and meal distribution trolleys, all of which are already delivered to the site and will be installed and used once specific areas in the hospital are ready.

Majority of the company's equipment are now stored in the hospital site. Total cost of hospital equipment already on the site amounts to **Php 112, 390, 315** .

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

As at December 31, 2023, the following equipment have been purchased:

1. Diagnostic Laboratory Equipment
2. Pulmonary Function Test Machine
3. Ambulance
4. Dental Equipment
5. Endoscopy System
6. Fully Automated Blood Bank System
7. Various Medicine & Rehabilitation Equipment
8. Ambulatory BP Machine Monitoring
9. 2 D echo machines, ECG machines, Holter monitoring device
10. NICU equipment (infant warmers )
11. Others; autoclave, BP apparatus, crash carts, computers

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

1. Yag Laser Zeiss
2. Flexible Bronchoscope
3. Telemetry Portable Ultrasound Machine
4. Apheresis Machine
5. Thermoscientific Fully Automated Cryostat
6. EEG machine, EMG machine

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

	2023
Payment to contractors	P1,343,138,443.00
Capitalized borrowing cost	205,146,757.00
Other related costs	256,920,772.00
	<u>P1,805,205,972.00</u>

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

During the development and construction of the hospital building, capitalized borrowing costs amounted to ₱38.1 million, ₱38.1 million, and ₱37.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at ninety-nine point eighty-six (99.86%).

## **LEGAL PROCEEDINGS OF COMPANY, ITS SUBSIDIARIES AND/OR AFFILIATES**

### **Item 3. Legal Proceedings**

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

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

Many years after APMC Iloilo received the resolution of the Insurance Commission on the request for investigation of Ferdinand Kionisala declaring that the benefits and privileges enjoyed by him or offered by any of the named respondents he impleaded on his complaint is not a pre-need contract, agreement, deed, nor plan contemplated under the law and that ACEMC – Cebu or any other respondent named ( which include ACEMC-Iloilo) are not engaged in pre-need business hence not required to secure a separate license for such before the insurance Commission , Kionisala filed a Motion for Reconsideration dated 25 November 2020. After the denial of the Motion for Reconsideration in a letter dated 29 November 2021 where the IC declared that the Complainant's Motion for Reconsideration is bereft of any novel compelling arguments or new pieces of evidence to consider in order to depart from its previous ruling, Ferdinand Kionisala filed a special civil action for Certiorari under Rule 65 before the Court of Appeals against the above-named respondents alleging that the Insurance Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction when it found that the contracts sold or offered for sale to the public are not pre-need contracts or are not processing pre-need plans and when it ignored the evident fact that the benefit and privileges are the cause or consideration of the contracts between private respondents and the members of the general public. In his petition dated 04 February 2022, Mr. Kionisala prayed that the Court of Appeals set aside the letter dated December 11, 2018 and letter dated November 29 2021 be nullified and set aside and that the Insurance Commission be ordered to take appropriate action(s) against the private respondents for violating the Pre-Need Code of the Philippines.

In a resolution dated 26 July 2022, the Eighteenth (18th) Division of the Court of Appeals directed the petitioners to rectify the infirmity observed in the petition, within an inextendible period of ten

(10) days from notice which is the submission of a mere plain photostatic copy of the assailed letter dated 11 December 2018. Petitioner has submitted its compliance on 22 September 2022 copy of which was received by APMC Iloilo on 19 October 2022. There is no update on the case thereafter.

As of 31 December 2023, to the knowledge and information of the Company, there are no pending material legal proceedings that involve APMCI or any of its properties aside from the aforementioned case.

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

(a.)The 2023 Annual Stockholders Meeting of the company was held on 30 June 2023 at 9:00 AM. The meeting was conducted via remote communication thru Zoom Conference and the following matters were submitted for approval of the stockholders:

- (i) Approval of the Minutes of the Meeting of the Stockholders held on 30 June 2023
- (ii) Approval of the Audited Financial Statements for the year ended 31 December 2022
- (iii) Ratification of the Corporate Acts of the Board of Directors and Management since
- (iv) Election of Directors for 2023-2024
- (v) Appointment of External Auditor for 2023 - 2024

There was no person who had been a director or officer of the Company at any time since the beginning of the last fiscal year, or who was a nominee for election as director or associate of a person who has a substantial interest in any matter acted upon in the Annual Meeting. No member of the Board had opposed any action taken by APMCI at the Annual Meeting.

The stockholders at the said meeting approved all the matters mentioned above. There had been no other submitted to a vote of the stockholders otherwise than at the Annual Meeting of the Stockholders as stated above.

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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 over the counter through organic employees who are well versed with Hospital operations. Management believes that the strategic location of the Hospital, the facilities, and the services it will provide, and the people behind the Hospital, are sufficient to entice medical specialists and prospective investors to consider the offer. The Company greatly relies on these organic employees and satisfied patients to spread the word about the facilities the Hospital can offer. There is no public trading market for the Company's shares.

Asia Pacific Medical Center – Iloilo Inc. Is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase

relative to the completion of the Hospital land its facilities the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The breakdown of the Offer Price is presented as follows:

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

The first Two Thousand Six Hundred (2,600) blocks had been sold at a maximum price of Two Hundred Fifty Thousand Pesos (Php 250,000. 00) per block by the third quarter of October 2019 and another One Hundred Ten (110) blocks at a maximum price of Php300,000.00 per block were subscribed by December 31, 2019. The remaining Three Hundred Ninety (390) blocks at a maximum price of Three Hundred Thousand (Php300,000.00) per block were sold in the year 2020. Three (3) blocks at a maximum price of Four Hundred Thousand (Php400,000.00) per block of the third series shares were also sold by December 2020. An additional three (3) blocks from the same series were sold in the year 2021. In 2022, another sixty-five (65) blocks of shares were sold at a maximum price of Four Hundred Pesos (PHP 400,000.00) per block. For the year 2023, 425 blocks of shares were sold from the 3<sup>rd</sup> series. The 3<sup>rd</sup> series were never offered until the 2<sup>nd</sup> series had been sold out in the same manner that the 2<sup>nd</sup> 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 on 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, 2023, is 14.98%**.

The 3,600 blocks that were offered to the public are sold primarily to Medical Specialists who possess the minimum qualifications and are deemed fit to practice, upon recommendation by the Credentials Committee and approved by the Board and Management of APMC-Iloilo Inc. Other purchasers are non-medical specialists who are related to medical specialists and those who purchased the shares purely for investment purposes.

#### A. Holders

There are approximately 35 holders of Founder shares and approximately 2,876 holders of common shares of the company as of 31 December 2023.

Dr. Ferjenel G. Biron, Brandt Luke Q. Biron, Braeden John Q. Biron and Bryant Paul Q. Biron are the beneficial owners of more than 5% of any class of registrant's voting securities as of 31 December 2023.

Class	Names / Address of Record Owner	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding Shares
Common Founder	BIRON, FERJENEL G./82 Firefly Cor. Butterfly St., Valle Verde VI, Pasig City	BIRON, FERJENEL G/ Record Owner is also Beneficial Owner	Filipino	46,322 240	19.40%
Common Founder	BIRON, BRANDT LUKE Q. /Unit 4403 Trump Tower, Century City, Kalayaan Avenue, Makati City, Metro Manila	BIRON, BRANDT LUKE Q./ Record Owner is also Beneficial Owner	Filipino	21,890 10	9.13%
Common Founder	BIRON, BRAEDEN JOHN Q. // Ilaya 2 <sup>nd</sup> , Dumangas, Iloilo	BIRON, BRAEDEN JOHN Q. / Record Owner is also Beneficial Owner	Filipino	21,140 10	8.81%
Common Founder	BIRON, BRYANT PAUL Q / Unit 903, Pacific Place, Pearl Drive, Ortigas Center, Pasig City	BIRON, BRYANT PAUL Q. / Record Owner is also Beneficial Owner	Filipino	21,140 10	8.81%

The Top 20 Stockholders as of 31 December 2023 are as follows:

STOCKHOLDERS	NATIONALITY	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP
1. BIRON, FERJENEL G.	FILIPINO	COMMON 46322 FOUNDER 240	19.40%
2. BIRON, BRANDT LUKE Q.	FILIPINO	COMMON 21890 FOUNDER 10	9.13%
3. BIRON, BRAEDEN JOHN Q.	FILIPINO	COMMON 21140 FOUNDER 10	8.81%
4. BIRON, BRYANT PAUL Q.	FILIPINO	COMMON 21140 FOUNDER 10	8.81%
5. SAMORO, FREDILYN G.	FILIPINO	COMMON 6874 FOUNDER 20	2.87%
6. RAMIREZ, RUBEN B.	FILIPINO	COMMON 5930 FOUNDER 20	2.48%
7. LAVALLE, AMADO JR.	FILIPINO	COMMON 3758 FOUNDER 10	1.57%

8. REGOZO, DANILO C.	FILIPINO	COMMON FOUNDER	3758 10	<b>1.57</b> %
9. VILLAFLO, AGNES M.	FILIPINO	COMMON FOUNDER	3758 10	<b>1.57</b> %
10. LAVILLA, MERIDE D.	FILIPINO	COMMON FOUNDER	3728 10	<b>2.93</b> %
11. COMUELO, JERUSHA A.	FILIPINO	COMMON FOUNDER	3452 10	<b>1.44</b> %
12. PEREZ, MA.GRACE G.	FILIPINO	COMMON FOUNDER	3432 10	<b>1.43</b> %

13. ONG, MARY FLOR G.	FILIPINO	COMMON FOUNDER	3452 10	<b>1.4</b> <b>4%</b>
14. HEIRS OF SAMORO, RONNIE Z. ( FREDILYN SAMORO, KIM KAROLYN SAMORO, KARMELA MARIE SAMORO, KATRINA BELLE MARIE SAMORO )	FILIPINO	COMMON FOUNDER	3452 10	<b>1.4</b> <b>4%</b>
15. DOMINGO, CARMELO JR.	FILIPINO	COMMON FOUNDER	3390 10	<b>1.4</b> <b>2%</b>
16. GONZALES, NOEL G.	FILIPINO	COMMON FOUNDER	3390 10	<b>1.4</b> <b>2%</b>
17. MINERVA, IKE T.	FILIPINO	COMMON FOUNDER	3390 10	<b>1.4</b> <b>2%</b>
18. DIANCO, FELIBERT O.	FILIPINO	COMMON FOUNDER	3360 10	<b>1.4</b> <b>0%</b>
19. GOMEZ, LUSYL M.	FILIPINO	COMMON FOUNDER	3360 10	<b>1.4</b> <b>0%</b>
20. DAULO, SYLVA L.	FILIPINO	COMMON FOUNDER	3050 10	<b>1.2</b> <b>8%</b>

## B. DIVIDENDS

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

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



### **C. Recent Sale of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

There are no shares issued by the Company within the past three years, which were not registered with the SEC pursuant to the Securities Regulation Code.

#### **Item 6. Management's Discussion and Analysis or Plan of Operations**

##### **1. PLAN OF OPERATION**

The operation of the Hospital officially commenced last 13 November 2023.

The financial requirements of the corporation during the next twelve (12) months stem from few minor interior and exterior finishes and touch ups, procurement of additional hospital equipment and training and/or continuing education for the Board of Directors, Management, medical and paramedical staff and other employees, salaries, benefits and wages and other costs of operation.

Revenue from operations is insufficient to meet the day-to-day expenses. Considering that the hospital has started operating less than two (2) months ago, this is part of its birth pains. The current financial position depends on the income to be generated by the Hospital from its operations and the additional loan facility that it can secure though it could be challenging due to the restructuring . Due to the rising costs associated with running the operation, the Company must maximize all means to market its services to the public. The Company will intensify the marketing of

At present the Company has five hundred twelve (549) employees and the Company's plan to hire additional employees would depend on whether the hospital census will grow .

The following are the present services offered by the Hospital:

1. Ambulatory Care Unit (Doctor's Clinic)
2. Emergency Room Services: Adult, Pediatrics, Surgery, Infectious
3. Urgent Care Unit
4. Pathology, Blood Bank and Drug Testing Services
5. Radiology Services: X-Ray, CT Scan, MRI, Ultrasound, Mammogram, Dental
6. Critical Care Units: Medical ICU, Infectious ICU, Stroke Unit, Pedia, Surgical ICU
7. Perinatal Complex: OB ER, Labor Room, HRP, OR, DR, Birthing Suite
8. Neonatal ICU (NICU)
9. Operating Room Complex: Minor Surgery, Major Surgery, Orthopedic, ENT
10. Cardiovascular Unit: Stress Echo Test, 2-D Echo, ECG, Treadmill Stress Test
11. Pulmonary Center: Pulmonary Function Test, ABG
12. Dialysis Unit
13. Pharmacy
15. Dental Clinic
16. Step Down ICU
17. Physical Medicine and Rehabilitation Services
18. Endoscopy

The following are the present facilities:

- 253 Hospital Beds
- 17 Emergency Beds
- 6 Operating Rooms
- 1 Delivery Room
- 1 OB Operating Room
- 1 Birthing Suite
- 6 Beds PACU
- 18 Cribs NICU

- 13 Beds MICU
- 1 Bed Endoscopy
- 6 Beds PICU
- 4 Beds SICU
- 4 Beds Stroke Unit
- 2 Beds Infectious OR/DR

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

At present, the hospital has Five Hundred Forty Nine (549) employees.

	31-Dec-23	31-Dec-22	31-Dec-21
Revenue	5,995,365	-	-
Cost of hospital services	6,127,455	-	-
Gross profit/(loss)	(132,090)	-	-
Other income	71,075	119,929	22,133
Gross income/(loss)	(61,015)	119,929	22,133
General and admin expenses	110,301,610	22,053,192	19,051,323
Loss from operations	(110,362,625)	(21,933,263)	(19,029,190)
Finance cost	36,970,036	30,288,654	15,977,437
Net Loss Before Income Tax	(147,332,661)	(52,221,917)	(35,006,627)
Income Tax Expense	171	-	-
<b>Net Loss for the Year</b>	<b>(147,332,832)</b>	<b>(52,221,917)</b>	<b>(35,006,627)</b>

**(1) Management's Discussion and Analysis**  
**Results of operation for the three Years Ended December 31, 2023, 2022 and 2021:**

For Comparable Periods December 31, 2023 and 2022

	For the years ended December 31		Horizontal Analysis		Vertical Analysis	
	2023	2022	Inc./(Dec.)	%	2023	2022
<b>Revenue</b>	P5,995,365	P -	P5,995,365	100.00%	100.00%	N/A
<b>Direct Cost</b>	(6,127,455)	-	6,127,455	100.00%	102.20%	N/A
<b>Gross Loss</b>	(132,090)	-	132,090	100.00%	2.20%	N/A
<b>Other Income</b>	71,075	119,929	(48,854)	(40.74%)	1.19%	N/A
<b>Gross Income/(Loss)</b>	(61,015)	119,929	(180,944)	(150.88%)	1.02%	N/A
<b>General and Admin Expenses</b>	(110,301,610)	(22,053,192)	88,248,415	400.00%	1839.78%	N/A
<b>Loss From Operations</b>	(110,362,625)	(21,933,263)	88,429,359	403.17%	1840.80%	N/A
<b>Finance Cost</b>	(36,970,036)	(30,288,654)	6,681,382	22.06%	616.64%	N/A
<b>Net Loss Before Income Tax</b>	(147,332,661)	(52,221,917)	95,110,741	182.13%	2457.44%	N/A
<b>Income Tax Expense</b>	(171)	-	171	100.00%	0.00%	N/A
<b>Net Loss for the Year</b>	<b>(P147,332,832)</b>	<b>(P52,221,917)</b>	<b>P95,110,912</b>	<b>182.13%</b>	<b>2457.45%</b>	<b>N/A</b>

Revenue, Direct Cost and Gross Loss

On November 2023, Hospital begun its operation by accepting outpatient which it earned a revenue amounted to P328,423 which mostly came from various hospital services such as but not limited to pathology, imaging, pulmonary, cardio/neuro and physical medicine and rehabilitation. On December 2023, the Hospital start to accept inpatient. On this month it earned a revenue total of P5.65 million for both inpatient and outpatient from various hospital services. Direct Costs - are costs that are directly attributable to patient care which includes nursing services, drugs, medical supplies, diagnostic imaging, rehabilitation and food services. Opening for the last two month of the year fall short as the direct cost exceeds the total revenue and that the hospital incurred a gross loss of P144,636 given that

it was only given a license to operate initially for 100 out of 240 bed capacity.

#### Other Income

Other income is mostly generated from the interest. income earned from bank – unrealized foreign exchange gain and other miscellaneous income amounted to P19, 158, P18, 964 and P32, 953 as of December 31, 2023, respectively..

#### General and Administrative Expenses

This account consist of:

	For the Years Ended December 31		Horizontal Analysis	
	2023	2022	Inc./ (Dec.)	%
Salaries and Wages	P75,492,396	P15,136,356	P60,356,040	399%
Utilities Expenses	8,323,809	-	8,323,809	100%
Taxes and Licenses	7,417,040	1,871,785	5,545,255	296%
Depreciation	5,394,843	888,272	4,506,571	507%
Office Supplies	3,501,593	181,451	3,320,142	1830%
Security Services	3,074,911	1,084,372	1,990,539	184%
Training, Workshop, Seminar	1,418,787	229,276	1,189,511	519%
Professional Fees	1,193,873	1,693,213	(499,340)	-29%
Repairs and Maintenance Expenses	786,245	35,116	751,129	2139%
Advertising Expenses	605,967	63,200	542,767	859%
Communication Expenses	511,602	135,621	375,981	277%
Housekeeping Expense	460,633	-	460,633	100%
Insurance Expenses	445,426	-	445,426	100%
Stationaries And Printing	368,249	103,648	264,601	255%
Transportation and Travel Expenses	305,828	67,409	238,419	354%
Membership and Subscription Expenses	182,385	161,595	20,790	13%
Outside Services	110,144	-	110,144	100%
Bank Service Charge	10,533	7,188	3,345	47%
Entertainment and Representation Expenses	9,612	-	9,612	100%
Rental Expense	3,500	9,500	(6,000)	-63%
Miscellaneous Expenses	684,234	385,190	299,044	78%
<b>TOTAL</b>	<b>P110,301,610</b>	<b>P22,053,192</b>	<b>P88,248,418</b>	<b>400%</b>

General and Administrative Expenses increased by P90 million or 411% in 2023. The material movement on this account were noted on Salaries and Allowances amounted to P76.20 million or 404%, Utilities Expenses amounted to P9.60 million or 100%, Taxes and Licenses amounted to 7.60 million, Depreciation amounted to P5.40 million or 507%, Office supplies amounted to P3.50 million or 1830%, Security Services amounted to P3.30 or 204% and Training, Workshop, Seminar mounted to 1.40 million or 519%. The significant increase can be attributed to the increase in manpower and various licenses that the Company processed in relation to the preparation of the commercial operations this year. Also, the hospital offices were already occupied by its personnel, which contributed to the increase in utilities expenses this year. To date, the hospital is 99.86% complete.

## Results of Operations (December 31, 2022 vs December 31, 2021)

	For the years ended December 31		Horizontal Analysis		Vertical Analysis	
	2022	2021	Inc./(Dec.)	%	2022	2021
Revenue	P-	P-	P-	0.00%	NA	NA
Direct Cost	-	-	-	0.00%	NA	NA
Gross Loss	-	-	-	100.00%	NA	NA
Other Income	119,929.00	22,133.00	97,796.00	441.86%	NA	NA
Gross Income/(Loss)	119,929.00	22,133.00	97,796.00	441.86%	NA	NA
General and Admin Expenses	(22,053,192.00)	(19,051,323.00)	(3,001,869.00)	15.76%	NA	NA
Loss From Operations	(21,933,263.00)	(19,029,190.00)	(2,904,073.00)	15.26%	NA	NA
Finance Cost	(30,288,654.00)	(15,977,437.00)	(14,311,217.00)	89.57%	NA	NA
Net Loss Before Income Tax	(52,221,917.00)	(35,006,627.00)	(17,215,290.00)	49.18%	NA	NA
Income Tax Expense	-	-	-	0.00%	NA	NA
Net Loss for the Year	(P52,221,917.00)	(P35,006,627.00)	(P17,215,290.00)	49.18%	NA	NA

### Other Income

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

### General and Administrative Expenses

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

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

### Financial Condition (For Comparable Periods December 31, 2023 and 2022)

	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
	2023	2022	Inc./(Dec.)	%	2023	2022
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash						
Equivalent	P4,998,949	P11,514,559	(P6,515,610)	(56.59%)	0.20%	0.55%
Trade and Other						
Receivables	7,958,575	2,438,056	5,520,519	226.43%	0.32%	0.12%

Inventory	2,709,764	-	2,709,764	100.00%	0.11%	0.00%
Advances to Contractors	50,397,948	58,043,017	(7,645,069)	(13.17%)	2.05%	2.77%
Advances to Suppliers	7,766,188	1,551,654	6,214,534	400.51%	0.32%	0.07%
Prepayments and other current assets	1,822,143	559,910	1,262,233	225.43%	0.07%	0.03%
<b>TOTAL CURRENT ASSETS</b>	<b>75,653,567</b>	<b>74,107,196</b>	<b>1,546,371</b>	<b>2.09%</b>	3.08%	3.53%
<b>NON-CURRENT ASSETS</b>						
Property and Equipment (net)	527,822,795	447,444,919	80,377,876	17.96%	21.52%	21.32%
Construction-In-Progress	1,805,205,972	1,536,817,631	268,388,341	17.46%	73.60%	73.22%
Advances to Related Party	39,030,125	35,595,773	3,434,352	9.65%	1.59%	1.70%
Other Non-Current Assets	5,015,000	5,015,171	(171)	0.00%	0.20%	0.24%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,377,073,892</b>	<b>2,024,873,494</b>	<b>352,200,398</b>	<b>17.39%</b>	96.92%	96.47%
<b>TOTAL ASSETS</b>	<b>P2,452,727,459</b>	<b>P2,098,980,690</b>	<b>P353,746,769</b>	<b>16.85%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable and Other Liabilities	P204,702,364	P132,799,504	P71,902,860	54.14%	8.35%	6.33%
Loans Payable to Individuals	20,342,700	20,766,700	(424,000)	(2.04%)	0.83%	0.99%
Notes Payable - Current Portion	25,000,000	28,747,867	(13,747,867)	(47.82%)	0.61%	1.37%
<b>TOTAL CURRENT LIABILITIES</b>	<b>250,045,064</b>	<b>182,314,071</b>	<b>57,730,993</b>	<b>31.67%</b>	<b>9.79%</b>	<b>8.69%</b>
<b>NON-CURRENT LIABILITIES</b>						
Loans Payable to Related Party	393,434,969	237,834,969	155,600,000	65.42%	16.04%	11.33%
Notes Payable - net of Current Portion	970,594,306	857,748,031	112,846,275	13.16%	39.57%	40.86%
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,364,029,275</b>	<b>1,095,583,000</b>	<b>268,446,275</b>	<b>24.50%</b>	<b>55.61%</b>	<b>52.20%</b>
<b>TOTAL LIABILITIES</b>	<b>1,604,074,339</b>	<b>1,277,897,071</b>	<b>326,177,268</b>	<b>25.52%</b>	<b>65.40%</b>	<b>60.88%</b>
<b>EQUITY</b>						
Share Capital (net)	239,960,000	235,670,000	4,290,000	1.82%	9.78%	11.23%
Share Premium	953,896,162	783,283,829	170,612,333	21.78%	38.89%	37.32%
Retained Earnings/(Deficit)	(345,203,042)	(197,870,210)	(147,332,832)	74.46%	14.07%	9.43%
<b>TOTAL EQUITY</b>	<b>848,653,120</b>	<b>821,083,619</b>	<b>27,569,501</b>	<b>3.36%</b>	<b>34.60%</b>	<b>39.12%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P2,452,727,459</b>	<b>P2,098,980,690</b>	<b>P353,746,769</b>	<b>16.85%</b>	<b>100.00%</b>	<b>100.00%</b>

## Assets

As at December 31, 2023, the Company's total assets amounted to Php2.40 billion of which 97% pertains to non-current assets and 3% to current assets.

The non-current assets amounted to P2.35 billion consists of the following:

**Construction in progress.** Pertains to the construction of the hospital building. As of to date, the hospital is 99.86% complete. This year, construction in progress account increased by P244.80 million or 15.93%, which represents 73.43% of the non-current assets.

**Property and Equipment.** This represents various equipment/machineries acquired by the hospital during the period in preparation for the commencement of commercial operations. As a result, it

increased by P80 million or 17.96% compared to last year. In 2023, Property and Equipment (net) shares by 21.75% of the non-current assets.

**Advances to Related Party.** Advances to related party increased by 3.40 million or by 9.65%.

**Other Non-Current Assets.** This has no movement during the year. This account represents deposits to MORE POWER Corporation (Php5.00 million), and to Iloilo Medical Society (Php15,000) for office rent.

The current assets amounting to Php72.94 million consist of the following:

**Cash and Cash Equivalents.** The lion's share of Company funds went to the construction of the hospital, expansion of manpower and various licenses that are necessary for the start of hospital operation. Thus, resulted to the low balance current assets this year. When the hospital operates, these figures will have a remarkable change leading to better financial standing for the Company.

**Inventory.** This is representing initial stock of medicines and medical supplies for the start up of hospital operation this year. In 2023, Inventory account have a balance of P2.70 million.

**Trade and Other Receivables.** In 2023, Trade and other receivables increased by P5.45 million or by 223.71%. This can be attributed to receivables from PHIC and inpatient amounted to P1.21 million, other receivables from employees' advances amounted to P3.72 million and other remaining receivables amounted to P2.96 million.

**Advances to contractors and suppliers.** 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. This account decreased by P7.60 million of by 13.17% as the building is near to its completion thus incurring lesser cost as compared to previous year. Advances to supplier increased by P6.20 million or by 400%, these represents down payments made to suppliers of medical equipment and/or construction materials ordered in preparation for the start of hospital operation this year.

**Prepayments and other Current Assets.** This pertains to prepaid insurance amounting to P156,210 and Input VAT amounted to P75,485. The balance represents the remaining unutilized cost of insurance and input vat as at December 31, 2023.

## Liabilities

The Company's liabilities account amounted to Php1.60 billion which represents a share of 65.75% of its resources, as at December 31, 2023. As compared to the previous year, Company's Liabilities was higher by 24.86% or P317.60 million.

Liabilities consists of the following:

**Accounts Payables and Other Liabilities.** This account consists of the following: Accounts payable - contractors and suppliers amounted to P116.21 million; Retention Payable amounted to P38.19 million; Accrued Interest Payable P25.64 million; Statutory Liabilities P3.26 million; Accrued Expenses P5.96 million; and Accounts Payable - (PTP) P6.89 million- these are non-refundable payments made by medical investors for the Privilege to Practice at the hospital.

**Loans Payable to Related Parties.** These are loans extended by Phil Pharmawealth, Inc. (PPI) to the Company. Account balance now stands at Php393.43 million. These loans were availed to help pay off company obligations.

**Loans from Individuals.** These are loans accorded to the Company to help in the construction of the hospital building. These are gradually liquidated whenever funds are available. As at December 31, 2023, the balance amounted to P20.34 million.

**Notes Payable (LBP)** - As at December 31 2023, total loans provided by LBP amounted to P1.060 billion. To date, outstanding bank loan amounts to P985.59 million

## Equities

Total equity increased by P9.88 million or 1.20% in 2023. Share capital and premium increased by P4.29 million or 1.82% and P170.60 million or 21.78%, respectively. In 2023, total deficit, however, significantly increased by P165.01 million or 83.40%.

### Key Performance Indicators (KPIs)

Financial KPI	Definition	31-Dec-23	31-Dec-22	Remarks
<b>1. Liquidity</b>				
Quick Asset Ratio	$\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$	0.05	0.08	The company used a substantial amount of its resources to fund the hospital's opening. This includes additional construction of facilities and machinery, obtaining permits and meeting compliance requirements, and increasing manpower services to meet the standards set by the Department of Health.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.32	0.41	The company made a significant investment in purchasing state-of-the-art equipment and machinery, leading to an increase in liabilities during the year. These equipment and machinery are classified as non-current assets.
<b>2. Solvency</b>				
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	1.61	1.33	To facilitate the completion of the building facilities and the purchase of several machinery and equipment, the company secured a loan from Land Bank which resulted to an increase in long term debt. At present, the long term debt to equity ratio stands at 62:38, which is in line with the bank's requirement of maintaining a minimum ratio of 80:20.
<b>3. Profitability</b>				
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	0.00	0.00	Given that the hospital had just commenced operations in December 2023, the revenue generated was insufficient to offset the total operating expenses accrued throughout the year.
Return on Equity	$\frac{\text{Net Income}}{\text{Stockholder's Equity}}$	0.00	0.00	Stockholders can expect to earn returns on their investment after the hospital generates net income.
<b>4. Leverage</b>				
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.65	0.61	A large portion of the total assets is contributed by the bank and related party. The increase in liabilities is due to additional funds released by them out of the loan agreements.
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	2.89	2.56	The increase in total assets was driven by borrowed funds from Land Bank and a related party, as well as proceeds from share issuance, with only 35% coming from stocks.

	Equity			
5. Interest Rate Coverage Ratio	Earnings Before Interests & Taxes <hr/> Interest Expense	0.00	0.00	The hospital, being newly operational, is currently unable to generate enough revenue to meet the company's interest payments for the month.

**Item 7. Financial Statements**

The 2023 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 the years 2023, 2022 and 2021 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope and procedures.

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

**EXTERNAL AUDIT FEES AND SERVICES**

The External Audit or has rendered:

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

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

The Audit Committee has approved the above-mentioned services The aggregate fees billed are shown below:

Fees approved 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, 2023, amount to P271,040 inclusive of 12% VAT, December 31, 2022, amount to P246,400.00 inclusive of 12% VAT, and December 31, 2021, amount to P268,000.00 inclusive of 12% VAT,.

Year	2023	2022	2021
<b>Audit Fees</b>	<b>Php242,000</b>	<b>Php220,000</b>	<b>Php200,000</b>
<b>Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>All Other Fees</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Company did not engage Dimaculangan, Dimaculangan and Company CPAs for tax or other services in 2023.



## PART III – CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Issuer

#### BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers, and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of its operations for its review. The Board consists of fifteen (15) members, of which three (3) are independent directors.

The table below set forth the members of the Company's Board as of December 31, 2023.

Name	Age	Position	Citizenship	Period during which individual has served as such
Biron, Ferienel G.	59	Chairman	Filipino	2014 to present
Lavilla, Meride D.	60	Vice Chairman	Filipino	2014 to present
Lavalle, Amado Jr.	60	President	Filipino	2014 to present
Regozo, Danilo C.	60	Executive Vice President	Filipino	2014 to present
Gomez, Lusyl M.	64	Director	Filipino	2017 to 2018 (I.D.); 2020 to present
Villaflor, Agnes Jean M.	59	Medical Director	Filipino	2014 to present
Fernandez, Lemuel T.	56	Director/Asst. Treasurer	Filipino	2018-2020 (I.D.); 2020 to present
Dianco, Felibert O.	49	Director	Filipino	2020 (ID); 2020 to present
Nolasco, Felix	71	Assistant Medical Director	Filipino	2014 to 2017; 2020 to present
Samoro, Fredilyn G.	57	Director	Filipino	2014 to present
Suplico, Rolex T.	64	Director	Filipino	2020 to present
-Mary Flor G. Ong	50	Director/Treasurer	Filipino	June 2023 up to present
Debuque, Ma.Teresa F.	61	Independent Director	Filipino	2021 to present
Comuelo, Jerusha A.	56	Independent Director	Filipino	2020 to present
Gonzales, Noel J.	61	Independent Director	Filipino	September 29. 2022 to present

All the above individuals were elected as Board of Directors and Officers of the Corporation for the year 2022 until their successors are elected during the Annual Stockholders meeting of ASIA PACIFIC MEDICAL CENTER –ILOILO, INC., (Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – ILOILO, INC.) held on the 30<sup>th</sup> of June 2023. During the Organizational Meeting on the same day, Ma. Teresa F. Debuque was elected as Lead Independent Director and Dr. Lavilla, Mr. Fernandez were re-elected as Vice Chairman, Assistant Treasurer. T-- Atty. Analie L. Generoso was elected as Corporate Secretary, Dr. Lusyl M. Gomez as the Ast. Secretary and Dr. Mary Flor G. Ong as the Corporate Treasurer.

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

**Ferjenel G. Biron, MD**  
Director / Chairman

**Dr. Biron** is the Chairman of the Asia-Pacific Medical Center (APMC) group of hospitals (Aklan, Bacolod and Iloilo) which were separately incorporated in December 2014 (Asia Pacific Medical Center-Iloilo, Inc.), September 2017 (Asia Pacific Medical Center

- Bacolod, Inc.) and December 2017 (Asia Pacific Medical Center- Aklan, Inc.). He was also the President of the said hospitals from the time of incorporation until June 2020 in APMC Aklan, August 2021 in APMC Iloilo and August 2022 in APMC Bacolod.

Dr. Biron is also the Founding President and CEO of Phil Pharmawealth until 2004 and served as Chief Executive Officer of Endure Medical Inc. in 2020-2021. He is also the current President of Aesthetica Manila, Inc., and Smartlab Diagnostics, Inc. and the Chairman of Park3 Realty & Development Corporation, EMI Properties OPC, Newlife Regeneraative and Wellness Center, Obbo Holdings, Inc., Botikang Pinoy, Inc. and Super BP Mart Corporation. He was elected Congressman of the Fourth (4<sup>th</sup>) District of Iloilo from 2004 -2013 and 2006-2019 and again reelected in 2022 and previously served as Chairman of the Committee on Legislative Franchises and Committee on Trade and Industry. Under the present Congress, he is a member of the Commission on Appointments. He is a member of the Board 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.

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

**Amado M. Lavallo Jr., MD**  
Director / President

**Dr. Lavallo Jr.** is the current President of the Company. He served as Executive Vice President of the Company from August 2019 until he was elected President in August 2021. He was the Vice Chairman of the Board from June 2016 to August 2019 and has been one of the Directors of the Company since 2014. Dr. Lavallo 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 2016. Dr. Lavallo served as the Secretary from 1998 to 2001 and President from 2002 to 2003 of the Philippine Society of General Surgeons, Panay Chapter. He also became a member of the Board of Directors of Philippines College of Surgeons Panay Chapter from 1998 to 2002. Moreover, he is a medical specialist of Western Visayas Medical Center from June 2023 up to the present. Dr. Lavallo 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. Lavallo 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.

**Meride D. Lavilla, MD**  
Director / Vice Chairman

**Dr. Lavilla** is the current Vice Chairman of the Board. She also served the company as Assistant Corporate Treasurer from December 2014 to May 2016 and was the Corporate Secretary from June 2016 until she stepped down to become Assistant Corporate Secretary in September 2019, a position she held until her election as Vice Chairman in August 2021.

Dr. Lavilla was also the Corporate Secretary of Healthlink Inc. for 3 years and a member of its Board of Directors for 5 years. She also served as the Corporate Treasurer from 2017 to 2018 and Assistant Corporate Treasurer from 2018 to present of Asia Pacific Medical Center Bacolod Inc. She is the Vice President of Asia Pacific Medical Center (APMC) - Aklan Inc. since 2018. She has been a Director of Allied Care Experts Medical Center Cagayan de Oro Inc. From 2016 and is the current Assistant Corporate Treasurer of the corporation. She is also a Founding Member of Allied Care Experts (ACE) Medical Center-Butuan, Inc., and Allied Care Experts (ACE) Medical Center – GENSAN. Dr. Lavilla served as Chairman of Excel Global Inc. from 2017-2020.

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

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

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

**Danilo C. Regozo, MD**  
Director / Vice President

**Dr. Regozo** is the current Executive Vice President of the Company. - He is also the Executive Vice President of Asia Pacific Medical Center - Bacolod Inc. since 2017 and a Director in Allied Care Experts Medical Center Butuan Inc. and Allied Care Experts Medical Center, GENSAN Inc. since 2016 and Asia – Pacific Medical Center-Aklan, Inc. since 2017. He was appointed last August 1, 2023, as the chair for the Department of Family Medicine and head of Ancillary Services.

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

**Lusyl M. Gomez MD**  
Director

**Dr. Gomez** is the Assistant Corporate Secretary of the Company. She was reappointed to the position in June 2023 and held the position previously from 26 August 2021, to 29 September 2022. She was also the Assistant Corporate Treasurer from October 2020 to August 2021 and the Vice President for Finance of the Company in 2018 up to the present. She previously served as Independent Director of the Company from September 2017 to

August 2018 and was elected as Regular Director in October 2020. She is a Diplomate member of the Philippine Pediatric Society and a member of the Philippine College of Occupational Medicine. She served as Treasurer and Member of the Board of Healthlink (Iloilo), Inc. For four (4) years and twelve (12) years respectively up to the present. Last August 01, 2023, he was appointed as the Chair for Department of Pediatrics.

She is the Member of the Board of Directors of Wellness Medical Pharma for six (6) years and a Treasurer for four (4) years. She is a Professor at the School of Dentistry of Iloilo Doctors College for three (3) years and was a school physician at St. Therese College and STI College for three (3) years. She is also the Vice President for Operations of Excel Global Inc. since 2016 up to 2019. She is also the Head of Operations of Ipedcare Plus Pharmacy (2021). She is a graduate of B. S. Biology and Medicine of West Visayas State University. She had her Post Graduate Internship and Residency Training at Iloilo Doctor's Hospital. She is currently working on her thesis for Master of Arts in Hospital Administration in Cebu Doctor's University.

**Mary Flor Gafate-Ong, MD, FPCP, FPCEDM**  
Treasurer/Director

Dr. Gafate-Ong was appointed as Treasurer of the Company on December 17, 2023. She is an Active Staff at the Department of Internal Medicine-Iloilo Mission Hospital and a Visiting Staff at the Department of Internal Medicine at West Visayas State University Medical Center, Iloilo Doctors' Hospital, The Medical City-Iloilo, Qualimed Medical Center and Holy Mary Women and Children's Hospital. She is also a Member of the Faculty of the College of Dentistry of West Visayas State University and the Faculty of the College of Medicine of Central Philippine University. Last August 01, 2023, she was appointed as the head of Nutrition and Dietetics Services.

She is also a Professional Lecturer in the College of Medicine of West Visayas State University. She became a Board Director of NEFRON Dialysis Center, Inc., for five (5) years. She is a proprietor also of ALVINMAR Catering Services. She graduated from the College of Medicine of West Visayas State University as Doctor of Medicine and finished Bachelor of Science in Biological Science in the same university with flying colors by graduating Cum Laude.

**Agnes Jean M. Villaflor, MD**  
Medical Director/Director

**Dr. Villaflor** is currently the Medical Director of the company. She was also the Corporate Treasurer of the Company from June 2016 to December 2023 and has been one of its Board of Directors since 2014. She also served as Assistant Corporate Secretary of the company from December 2014 to May 2016 prior to her election as Corporate Treasurer. She is also the Medical Director of M3 Dialysis Center from 2007 and the Medical Director and Secretary of Renal Specialty Inc. from 2016 to present.

She is a Training Officer at West Visayas State University Medical Center Department of Internal Medicine and a Professorial Lecturer at the College of Medicine of West Visayas State University and Central Philippine University. Dr. Villaflor took her Bachelor of Science in Biological Science at the University of the Philippines in the Visayas and her medical studies at West Visayas State University. She had her Post-Graduate Internship at Western Visayas Medical Center and her residency training in Internal Medicine at West Visayas State University Hospital. She had her Fellowship Training at Philippine General Hospital in Nephrology. She is completing her Masteral studies in Hospital Administration at Cebu Doctor's University. Last August 01, 2023, she was appointed as the head of the Dialysis Center.

**Lemuel T. Fernandez**  
Director/Assistant Treasurer

**Mr. Fernandez** was elected as Regular Director of the Company after his resignation

as Independent Director of Asia Pacific Medical Center- Iloilo, Inc. (formerly known as Allied Care Experts (ACE) Medical Center-Iloilo, Inc.), a position he occupied from August 2018 to February 2019. He has been an Editor in Chief of The Daily Guardian since 2002. He was the President of Rotary Club of Iloilo in 2016 and past President of Iloilo Press Club 1999-2000 and 2002-2003. Mr. Fernandez finished his Degree in Bachelor of Arts at University of Iloilo in 1988.

**Felibert O. Dianco, MD, FPCP, FPCC, FPSE**

Director

**Dr. Dianco** was elected as regular Director on 26 August 2021. He had also served as Independent Director of the Company from 29 October 2020 to 26 August 2021. He finished his Doctor of Medicine at WVSU College of Medicine. He trained as Internist at West Visayas State University Medical Center and continued 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. 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. He also studied Master in Hospital Administration at Cebu Doctors' University. Last August 01, 2023, he was appointed as a Chair for the Department of Internal Medicine and head of Cardiac Laboratory Unit.

**Felix P. Nolasco, MD**

Assistant Medical Director/Director

**Dr. Nolasco** is a Maxillofacial – Plastic Otolaryngologic – Head and Neck Surgery Specialist who was re-elected as Director of the Company in October 2020 and continues to serve as such up to present. He is also currently the Assistant Medical Director of the company. 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 Maxillo Facial Surgery, PSOHNS and Founding Director of the Otolaryngologic Maxillofacial Aesthetics Center at East Avenue Medical Center – a DOH Hospital.

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

**Fredilyn G. Samoro, MD, FPOGS**

Director

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

(2001 to present) and MD Check Iloilo Inc. (2009 to present).

Dr. Samoro also served as Vice President of Philippine Obstetrical & Gynecological Society, Panay Chapter in 2013, and President of Philippine Obstetrical and Gynecological Society in 2014. She is 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 attended the Corporate Governance Training conducted by the PWC/Isla Lipana on 14 May 2021. She also attended a training for Best Practices in Corporate Housekeeping and another training on Corporate Governance In-House Training (Session 1: New Code of Corporate Governance for Public Companies and Registered Issuers; Session 2: Revised Corporation Code of the Philippines) both conducted by the Center for Global Best Practices on 21-23 April 2021 and 16 – 17 July 2021 respectively. Dr. Samoro also attended the training on Best Practices of Effective Boards conducted by the Center for Global Best Practices on February 8, 2022. In addition, Dr. Samoro also attended the Finance Directors conducted by the Institute of Corporate Directors on July 18-19, 2023.

**Atty. Rolex T. Suplico**

Director

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

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

**Jerusha A. Comuelo, MD**

Independent Director

**Dr. 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 Asian Oceanian of Child Neurology. She is working on her thesis for Master in Hospital Administration at Cebu Doctor's University.

**Ma. Teresa F. Debuque**

Independent Director

**Ms. Debuque** became an Independent Director on 26 August 2021. She is currently the Municipal Vice Mayor of Anilao, Iloilo. She served as the first woman President of the

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

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

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

**Noel J. Gonzales**  
Independent Director

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

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

**TERM OF OFFICE**

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

**OFFICERS**

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

Name	Age	Position	Citizenship	Period during which individual has served a such
Maylene B. Villanueva	43	Compliance Officer	Filipino	February 2019 up to present
Cris T. Cortes	36	Chief Finance Officer	Filipino	September 2023 up to present

Gerald Joe C. Abonado	60	Hospital Administrator	Filipino	September 2019 to present
Analie L. Generoso	47	Corporate Secretary/Data Protection Officer	Filipino	October 2022 to present
Toni Dinah Cheer D. Fernandez	55	Investor Relations Officer/ Accounting Head	Filipino	May 2021 to present

**MAYLENE B. VILLANUEVA**

Compliance Officer

Atty. Villanueva is the Compliance Officer of the Company. She also served the Company as Corporate Secretary from 2019-2023. She is also the President of TIPP Digital Solutions, Inc., an IT solutions company and Managing Partner of Villanueva, Balio and Ariston Law Offices. Her core practice as a lawyer includes government procurement, intellectual property, data privacy, labor and other corporate laws. She is also the Compliance Officer of Asia Pacific Medical Center (APMC) - Aklan, Inc. Since July 2021 and Asia Pacific Medical Center (APMC) – Bacolod since April 2022. She is the Vice President for Legal Affairs and Human Resource of Phil Pharmawealth, Inc. and a legal counsel of companies owned by the Biron Group since 2012. She also served as Acting President of Phil Pharmawealth Inc. from September 2021 to April 2022. She concurrently serves as Corporate Secretary of Quiklab Diagnostics, Inc., Aesthetica Manila Inc. and Smartlab Diagnostics Inc. She has been a Private Sector Representative in the Board of Trustees/Regents of Iloilo State University of Fisheries, Science and Technology ( former ISCOF) from 2019-2023. She was an active member of Junior Chamber International Philippines and served the organization in various capacities such as being an Area Vice President for Area 4 – Visayas in 2020, General Legal Counsel in 2019 and Regional Vice President for Western Visayas in 2016 after she served the local organization JCI Barotac Nuevo Tamasak as its Revival President from two years (2013-2014). She was conferred the JCI Senatorship on May 6, 2022, by the Junior Chamber International. She obtained her degrees in Law and Broadcast Communication in the University of San Agustin and University of the Philippines in the Visayas respectively.

She is a Certified Compliance Officer and Certified Tax Specialist by the Center for Global Best Practices and an Associate Member of the Institute of Corporate Directors. As Corporate Secretary of the Company, she 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.

**ATTY. ANALIE L. GENEROSO**

Corporate Secretary/Data Privacy Officer

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

She is one of the Filipino participants to the Essential General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) Revisiting the Fundamentals course, organized by the National University of Singapore (NUS) Centre for International Law last July - August 2021. In addition, she attended the training by Center for Global Practices on Best Practices in Corporate Housekeeping on February 1-3, 2023, and training on Corporate



Secretary as Corporate Governance Professionals conducted by Institute of Corporate Directors on October 18-19,2023.

**Cris T. Cortes, CPA**

Chief Finance Officer

Mr. Cris T. Cortes is the Chief Finance Officer of the company. He passed the Philippine National Licensure Examination for Certified Public Accountant (CPA) (Given by the Board of Accountancy under Philippine Regulations Commission in October 2010) with professional and progressive experience to relevant exposures to various business sectors such as power, pharmaceutical, banking and finance, cooperative, and service in the field of accounting and external audit. He used to be the Senior Auditor of Ernst & Young (EY) – Trinidad from May 1, 2015 to April 30, 2016. He was also a Supervisor II of R. G. Manabat & Co. (formerly KPMG Manabat Sanagustin & Co., CPAs). Moreover, he used to be the Finance Head of Phil Pharmawealth, Inc. from January 26, 2017 to August 31, 2019.

He attended the EY Audit 401 Training on July 2016, the EY Audit 302 Training on May 2016 and the EY 301 Training on January 2016. Also, he took part in KPMG Audit Methodology (KAM) 3 Training on June 2010, 2011, and 2012. Lastly, attended the training on Year-end Tax Updates and Compliance conducted by PICPA on December 13, 2023.

**GERALD JOEL C. ABONADO, MD**

Hospital Administrator

Dr. Abonado is the Hospital Administrator of the Company. He was the Chief of Hospital of Ramon D. Duremdes District Hospital in Dumangas, Iloilo from March 2017 to July 2019 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 was elected as a member of Board Regents (Private Sector Representative) in West Visayas State University in August 2022. He is a member of Philippine College of Geriatric Medicine Specialty Board since October 2012 and Council Member of the Gerson Lehman Group since November 2011.

Dr. Abonado attended the following training courses during his stint in the company: Risk Management in Healthcare during Pandemic on 28-30 October 2020 conducted by Healthcare Academy. Infection Prevention Control for Hospitals, Clinics, and Isolation Facilities on 25 – 27 November 2020 conducted by Healthcare 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 Healthcare on 23 June 2021.

**INDEPENDENT DIRECTORS**

The independent directors of the Company as of 31 December 2023 are as follows:

1. Jerusha A. Comuelo
2. Ma. Teresa F. Debuque
3. Noel J. Gonzales
- 4.

**SIGNIFICANT EMPLOYEES**

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

## **FAMILY RELATIONSHIPS**

The husband of Director Lusyl Gomez, a Director, is the first cousin of Director Agnes Villaflor.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

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

Rolex Suplico, a Director, and Nominee is a defendant in a case filed against him while he was Vice Governor of Iloilo from 2007-2020. The case is People v. Suplico, et.al, with SB-18-CRM-0051 for violation of Sec. 3 (e) of RA 3019 pending at the 5<sup>th</sup> Division of the Sandiganbayan as of 31 July 2022. The prosecution rested on February 2023. On 3 May 2023, the defendant is scheduled to present his side.

### **B. Civil Case No. R-CEB-18-01248-CV, Branch XI, Cebu City ( Complaint for Declaration of Sale in Installment as Subscription Contract, Declaration of Rights of Pre-emption, and for Attorney's Fees) Dax Matthew M. Quijano et.al. v. ACE Medical Center Cebu Inc. , Felix P. Nolasco, et.al.**

On 7 March 2018, several complainant (Dax Matthew M. Quijano, et.al) though counsel filed a civil complaint against the Hospital and its Directors, including Felix Nolasco praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise preemptive rights to the increase of capital approved by the Board on November 12, 2016. The Defendants (based in Cebu) have already filed their Answer to the Complaint, but the Manila based Doctors, which include Dr. Nolasco, had not been served the summons. On 5 August 2020, a Motion to Dismiss the Complaint was filed for lack of interest of plaintiffs to prosecute the case. The case was scheduled for mediation on 14 July 2021. Since an agreement was not reached, mediation was scheduled on 29 July 2021. No agreement was reached so it was sent back to court for judicial dispute resolution which was held on 9 February 2022. The JDR failed. The case is up for pre-trial conference on 13 April 2023.

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

On 5 February 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise preemptive rights to the increase in capital approved by the Board on 12 November 2016. The Cebu-based defendants had already filed their Answer to the Complaint and Dr.Kionisala had filed a Motion for Partial Summary Judgement, but the same was opposed by defendants on 2 May 2018. No ruling was made on such motion hence the case had not moved. The Defendants filed a Motion to dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for mediation on 16 June 2021. Since an agreement was not reached, the pre-trial on 13 August 2021 proceeded as scheduled. On 5 November 2021, a hearing was held but no resolution was made. Another hearing was scheduled on 4 March 2022, but plaintiffs were unavailable. On 22 April 2022,

another hearing was scheduled but plaintiff requested that his previous manifestation be addressed first. The hearing scheduled on 24 June 2022 was postponed.

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

As of 31 December 2023, to the knowledge and information of the Company, except for the abovementioned Directors, none of the Company's other Directors or Executive Officers have been involved in any legal proceedings during the last five (5) years that are material to an evaluation of their ability or integrity to act as such.

**Item 10. Executive Compensation**

**Summary of  
Compensation  
Table**

Year	Salary (in Php)	Bonus (in Php)	Other Annual Compensation (in Php)	
FerjenelG.Biron, Chairman and CEO	2021	2,880,000.00	240,000.00	1,012,000.00
Amado M. Lavallo Jr., President				
Danilo C. Regozo, Executive Vice President				
Agnes Jean M. Villaflor, Corporate Treasurer				
MayleneB. Villanueva, Compliance Officer				
All other officers and as a group named		2,160,000.00	120,001.33	758,000.00
FerjenelG.Biron, Chairman and CEO	2022	2,880,000.00	240,000.00	490,000.00
Amado M. Lavallo Jr., President				
Danilo C. Regozo, Executive Vice President				
Agnes Jean M. Villaflor, Corporate Treasurer				
MayleneB. Villanueva, Compliance Officer				
All other officers and as a group named		1,740,000.00	280,000.00	1,319,995.00

FerjenelG.Biron, Chairman and CEO Amado M. Lavallo Jr., President Danilo C. Regozo, Executive Vice President Agnes Jean M. Villaflor, Corporate Treasurer MayleneB. Villanueva, Compliance Officer	2023	2,670,000.00	170,000.00	1,340,000.00
All other officers and as a group named		2,590,000.00	120,000.00	2,950,000.00

Upon the recommendation of the Remuneration and Committee , the Board of Directors of the Company through Board Resolution NO. 2023 -05-08 as amended approved an increase in the compensation of Corporate Officers to take effect upon the commencement of operations and booked as payable to Executive Directors subject to availability of funds as follows:

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

Chairman	One Hundred Thousand Pesos (P100,000.00)
President	One Hundred Thousand Pesos (P100,000.00)
Vice President	Eighty Thousand Pesos ( P 80,000.00)
Vice Chairman	Eighty Thousand Pesos ( P 80,000.00)
Corporate Secretary	Eighty Thousand Pesos ( P 80,000.00)
Corporate Treasurer	Eighty Thousand Pesos ( P 80,000.00)
Assistant Corporate Secretary	Fifty Thousand Pesos ( P 50,000.00)
Assistant Treasurer	Fifty Thousand Pesos ( P 50,000.00)

The company approved a reasonable per diem for Directors in the amount of Thirty Thousand Pesos ( PhP 30,000.00) per Board Meeting, Five Thousand Pesos (PhP 5,000.00) for Executive Committee Meetings , Three Thousand Pesos (PhP 3,000.00) for other committee meetings and additional Fifteen Thousand Pesos and additional ( PhP 15,000.00) for out of town meetings.

#### **OTHER ARRANGEMENTS**

There are no other arrangements pursuant to which any director of the Company was compensated, or is to

be compensated, directly or indirectly during 2020, 2021, 2022 for any service provided as a director.

#### **EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND EXECUTIVE OFFICERS**

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

executive officers.

**WARRANTS AND OPTION HELD BY THE EXECUTIVES AND DIRECTORS**

There are no outstanding warrants or option 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**

The following table shows the record and beneficial owners of more than 5% of the voting securities of the Company as of December 31, 2023

**SECURITY OWNERSHIP OF MANAGEMENT**

<b>Class</b>	<b>Names/Address of Record Owner</b>	<b>Name of Beneficial Owner/Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number Of Shares Held</b>	<b>% to Total Outstanding Shares</b>
<b>Common Founder</b>	Biron, Ferjanel G./82 Firefly Cor. Butterfly Streets, Valle Verde VI, Pasig City	Biron, Ferjanel G./ Record owner is also a Beneficial owner.	Filipino	<b>46,322</b> <b>240</b>	<b>19.40%</b>
<b>Common Founder</b>	Biron, Brandt Luke Q. Unit 4403, Trump Tower, Century City, Kalayaan Avenue, Makati 1210	Biron, Brandt Luke Q./ Record owner is also a Beneficial owner.	Filipino	<b>21,890</b> <b>10</b>	<b>9.13%</b>
<b>Common Founder</b>	Biron, Bryant Paul Q. Unit 903, Pacific Place. Pearl Drive, Ortigas Center, Pasig City	Biron, Bryant Paul Q./ Record owner is also a Beneficial owner.	Filipino	<b>21,140</b> <b>10</b>	<b>8.81%</b>
<b>Common Founder</b>	Biron, Braeden John Q. Unit 42C Kirov Tower, Estrella St. Rockwell Makati, 1210	Biron, Braeden John Q./ Record owner is also a Beneficial owner.	Filipino	<b>21,140</b> <b>10</b>	<b>8.81%</b>

The following table shows the security ownership of management in the common shares of

the Company as of December 31, 2023.

### INDIVIDUAL DIRECTORS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Founder	Biron, Ferjenel G.	46,322-Direct 240-Direct	Filipino	19.40%
Common Founder	Samoro, Fredilyn G.	6,874-Direct 20-Direct	Filipino	2.87%
Common Founder	(Samoro, Ronnie Z. - Spouse)	3,452-Indirect 10-Indirect	Filipino	1.44 %
Common Founder	Lavalle, Amado Jr.	3,758-Direct 10-Direct	Filipino	1.57%
Common Founder	Lavilla, Meride D.	3,728 - Direct 10-Direct	Filipino	1.56%
Common Founder	(Lavilla, Francis G.- Spouse)	2,460-Indirect 10-Indirect	Filipino	1.03%
Common Founder	(Lavilla, Lou Valerie D.- Daughter)	300- Indirect 0-Indirect	Filipino	0.13%
Common Founder	(Lavilla, Francine Marie D.- Daughter)	300-Indirect 0-Indirect	Filipino	0.13%
Common Founder	(Lavilla, Meryll Faith D.- Daughter)	300-Indirect 0-Indirect	Filipino	0.13%

<b>Common</b>	Ramirez, Ruben B.	5,930-Direct	Filipino	2.48%
<b>Founder</b>		20-Direct		
<b>Common</b>	Regozo, Danilo M.	3,758-Direct	Filipino	1.57%
<b>Founder</b>		10-Direct		
<b>Common</b>	Villaflor, Agnes Jean M.	3,758-Direct	Filipino	1.57%
<b>Founder</b>		10-Direct		
<b>Common</b>	Gomez, Lusyl M.	3,360-Direct	Filipino	1.40%
<b>Founder</b>		10-Direct		
<b>Common</b>	Comuelo, Jerusha A.	3,452 -Direct	Filipino	1.44%
<b>Founder</b>		10-Direct		
<b>Common</b>	Nolasco , Felix P.	2,340-Direct	Filipino	0.98%
<b>Founder</b>		10-Direct		
<b>Common</b>	Gonzales, Noel J.	3,390-Direct	Filipino	1.42%
<b>Founder</b>		10-Direct		
<b>Common</b>	Dianco, Felibert O.	3,370 - Direct	Filipino	1.41%
<b>Founder</b>		10-Direct		
<b>Common</b>	Suplico, Rolex T.	1,990-Direct	Filipino	0.83%
<b>Founder</b>		10-Direct		
<b>Common</b>	Debuque, Ma. Teresa F.	2,030-Direct	Filipino	0.85%
<b>Founder</b>		10-Direct		
<b>Common</b>	Fernandez, Lemuel T.	1,930-Direct	Filipino	-0.81%
<b>Founder</b>		10-Direct		

## OTHER EXECUTIVE OFFICERS

Class	Names of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Cris T. Cortes	None	Filipino	None
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 2023, Dr. Ferjenel G. Biron, Brandt Luke Q. Biron, Bryant Paul Q. Biron and Braeden John Q. Biron, who hold more than 5.0% of a class of shares, has not entered into any voting trust or similar agreement.

## CHANGES IN CONTROL

There is no arrangement which may result in a change of control of APMCI since 2023.

## 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, 2023 and 2022.

### Advances to related party:

	<i>For the Years Ended December 31</i>		Amount of Transactions	2022	Outstanding Balance	Terms and Conditions
	2023	2022				
	<b>Amount of Transactions</b>	<b>of Outstanding Balance</b>				
Endure Medical, Inc. <sup>(a)</sup>	P -	P32,079,869	P -	P32,079,869	Unsecured, noninterest bearing, demandable, no term, collectible in cash.	
TIPP Digital Solutions Inc. <sup>(b)</sup>	3,386,880	6,902,784	-	3,515,904		
Receivable – others (various ACE Hospitals)	-	47,472	-	47,472		
	<b>P3,386,880</b>	<b>P39,030,125</b>	P -	P35,643,245		

*For the Years Ended December 31*



	2023		2022		
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Conditions
Phil Pharmawealth, Inc.(c)	P155,600,000	P393,434,969	P129,000,000	P237,834,969	Unsecured, noninterest bearing, demandable, no term, payable in cash.
Endure Medical, Inc. (a)	11,643,658	45,233,526	23,050,390	33,589,868	
	P167,243,658	P438,668,495	P152,050,390	P271,424,837	

#### Advances from related party

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

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

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

The account represents payments made for the acquisition of Healthcare Management Information System.

(c) Advances from related parties – Phil Pharmawealth, Inc.

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., which have relatively significant influence over the key management personnel of the Company. The loan was incurred to use as payment of the interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 6.50% - 8.50%, per annum and is payable subject to the availability of funds.

## PART IV– CORPORATE GOVERNANCE

### Item 13. Corporate Governance

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

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

On 30 September 2020, the Company submitted its Revised Manual on Corporate Governance. It substantially adopted in its Manual on Corporate Governance all 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).

To comply with the requirement that the Corporate Secretary must not be a member of the Board of Directors, the Board appointed a new Corporate Secretary during its Organizational meeting on June 30, 2023 to allow the Compliance Officer to focus on compliance matters.

The minor deviations from the recommendations of the CG Code for PCs and RI such as the Executive directors being more than non-executive directors and having three (3) Independent Directors instead of five (5) were necessitated by the fact that the company is just about to operate and there is a need to tighten the purse that is achieved by having a lean manpower in preparation for pre-operation expenses.

To ensure good governance, the Company had its new CEO attend the Professional Directors Program

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

The Company is taking further steps to strengthen adherence principles and practices of corporate governance by sending its Directors in various trainings and programs conducted by the Institute of Directors and Center for Global Best Practices. The Committee on Corporate Governance is also set to review its Revised Manual on Corporate Governance to ensure compliance with recent regulations and harmonize it with operational requirements.

## **PART V – EXHIBITS AND SCHEDULES**

### (a) Exhibits

The 2023 Audited Financial Statements is attached as **Annex "A"** hereto.

### (b) Reports on Form 17C

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

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issue by the undersigned; thereunto duly authorized, in the City of Iloilo on \_\_\_\_\_ day of \_\_\_\_\_, 2024

**APR 29 2024**

By:

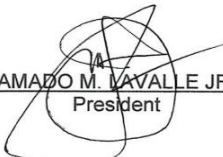
  
CRIS T. CORTES  
Chief Finance Officer

  
ANALIE L. GENEROSO  
Corporate Secretary

  
TONI DINAH/CHEER FERNANDEZ  
Chief Accounting Officer

  
DANILO C. REGOZO  
Vice President

  
MARY FLOR G. ONG  
Corporate Treasurer

  
AMADO M. LAVALLE JR.  
President


**APR 29 2024**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2024 affiant(s) exhibiting to me his/their VALID IDS, as follows:

NAMES	VALID ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
CRIS T. CORTES	TIN#285-504-577-000	October 10, 2018	Iloilo City
ANALIE L. GENEROSO	LN#F12-11-001753	October 27, 2025	Pasig City
TONI DINAH CHEER FERNANDEZ	LN#F03-04-154259	August 19, 2024	Iloilo Cit
DANILO C. REGOZO	TIN#162-755-820	January 24, 1994	Iloilo City
AMADO M. LAVALLE JR.	PRC#0068822	February 01, 2024	Iloilo City
MARY FLOR G. ONG	P5987110B	December 18, 2030	Iloilo City

WITNESS IN MY HAND AND SEAL.

Doc. No. 405  
Page No. 82  
Book No. 11  
Series of 2024

  
**ATTY. JOSEPH E. MALLARE**  
Notary Public  
For the City and Province of Iloilo  
Notarial Commission Reg. No. 18 valid until 12/31/2024  
Blk 5, Lot 6, B. Milho, Marikina, Iloilo City  
Roll No. 78015 - 05/11/2022  
TBP No. 387357 - 01/02/2024  
PTR No. 8336547 - 01/02/2024  
MCLE Compliance No. VIII-0004012 valid until 04/14/2028

Greetings!

**SEC Registration No:** CS201423954

**Company Name:** ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.

**Document Code:** AFS

This serves as temporary receipt of your submission. Subject to verification of form and quality of files of the submitted report.

Another email will be sent as proof of review and acceptance.

Thank you.

**REMINDER:** TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports refection in the remarks box.

April 15, 2024

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

The management of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** (Formerly: *Allied Care Experts (ACE) Medical Center - Iloilo Inc.*) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** (Formerly: *Allied Care Experts (ACE) Medical Center - Iloilo Inc.*) complete and correct in all material respects. Management likewise affirms that:

- (a.) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b.) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c.) **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** (Formerly: *Allied Care Experts (ACE) Medical Center - Iloilo Inc.*) has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

  
**AMADO LAVALLES JR., MD**  
President

  
**MARY FLOR G. ONG**  
Treasurer

  
**CRIS F. CORTES**  
Chief Finance Officer

Signed this 15th day of April 2024

  
**FERJENEL G. BIRON**  
Chairman



Brgy. Ungka, Jaro, Iloilo City, 5000  
(033) 239 9991  
info@apmc-iloilo.com  
www.apmc-iloilo.com

Republic of the Philippines)  
\_\_\_\_\_ ) S.S.

SUBSCRIBED AND SWORN to before me this APR 29 2024 with the presentation of the following:

Name	VALID ID	Validity
Ferjenel G. Biron	Passport P8912997B	09 February 2032
Amado M. Lavallo Jr., MD	PRC#0068822	01 February 2027
Mary Flor G. Ong	P5987110B	18 December 2030
Cris T. Cortes	TIN 285-504-577-000	

Doc No. 407 ;  
Page No. 83 ;  
Book No. 11 ;  
Series of 2024.



April 15, 2024

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** (Formerly: *Allied Care Experts (ACE) Medical Center - Iloilo Inc.*) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Dimaculangan, Dimaculangan and Company, CPAs, the independent auditor who were appointed by the stockholders for December 31, 2023, 2022 and 2021, 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.

  
**AMADO LAVALLES JR., MD**  
President

  
**MARY FLOR G. ONG**  
Treasurer

  
**CRIST CORTES**  
Chief Finance Officer

  
**FERJENEL G. BIRON**  
Chairman

Signed this 15Th day of April 2024

Republic of the Philippines)  
\_\_\_\_\_ ) S.S.

SUBSCRIBED AND SWORN to before me this APR 29 2024 with the presentation of the following:

Name	VALID ID	Validity
Ferjenel G. Biron	Passport P8912997B	09 February 2032
Amado M. Lavallo Jr., MD	PRC#0068822	01 February 2027
Mary Flor G. Ong	P5987110B	18 December 2030
Cris T. Cortes	TIN 285-504-577-000	

Doc No. 406;  
Page No. 83 ;  
Book No. 11 ;  
Series of 2024.

  
ATTY. J. LOUIS E. MALLARE  
Notary Public  
For the City and Province of Iloilo  
Notarial Commission Reg. No. 18 valid until 12/31/2024  
Blk 5, Lot 6, Bollar, Mandurriao, Iloilo City  
Roll No. 78015 - 05/12/2022  
IPP No. 307257 - 01/02/2024  
PTR No. 8336947 - 01/02/2024  
MCLE Compliance No. VIII-0004012 valid until 04/14/2028



### Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph

To: acemci.acctg@yahoo.com

Date: Monday, April 29, 2024 at 04:52 PM GMT+8

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

File name: 008922703000-1702RTv2018C-122023V1.xml

Date received by BIR: 29 April 2024

Time received by BIR: 04:31 PM

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

**FOR RETURNS WITH TAX PAYABLE:**

Please pay through any of the following ePayment Channels:

**Land Bank of the Philippines Link.BizPortal**

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

**DBP PayTax Online**

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

**Unionbank of the Philippines**

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

**Taxpayer Agent/ Tax Software Provider-TSP**

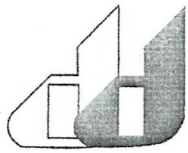
- (Gcash/PayMaya/MyEG)

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

Bureau of Internal Revenue



4/29/2024, 5:13 PM



**dimaculangan,  
dimaculangan and co. cpa's**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
TO ACCOMPANY INCOME TAX RETURN**

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

We have audited the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 15, 2024.

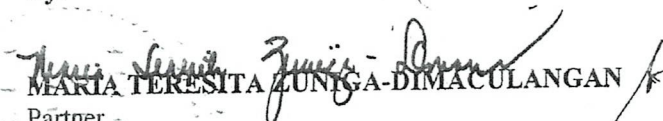
In compliance with Revenue Regulations V-20, we are stating the following:

- a.) No Partner of our Firm is related by consanguinity or affinity to the President, Manager or any member of the Board of Directors and Stockholders of the Company.
- b.) The disclosure on taxes and licenses paid or accrued during the year is shown in the supplementary report attached to the Company's financial statements.

**For the Firm:**

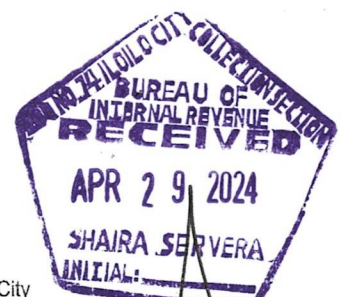
**DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S**  
BOA Accreditation No. 0416, effective until March 19, 2027  
SEC Accreditation No. 0416 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)  
BIR Accreditation No. 08-002906-000-2023, effective until April 14, 2026

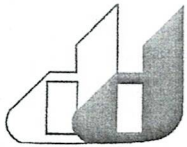
**By:**

  
MARIA TERESITA LUNIGA-DIMACULANGAN  
Partner  
CPA Certificate No. 0036077  
BOA Accreditation No. 0416-002, effective until March 19, 2027  
SEC Accreditation No. 36077 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)  
BIR Accreditation No. 08-002906-001-2023, effective until April 14, 2026  
Tax Identification No. 133-451-815  
PTR No. MKT 10126679, February 01, 2024.

April 15, 2024  
Makati City  
Philippines

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](http://www.dimaculangancpas.com)





**dimaculangan,  
dimaculangan and co. cpa's**

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

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

We have audited the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 15, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of fifty-two (52) stockholders owning one hundred (100) or more shares each.

**For the Firm:**

**DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S**  
BOA Accreditation No. 0416, effective until March 19, 2027  
SEC Accreditation No. 0416 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)  
BIR Accreditation No. 08-002906-000-2023, effective until April 14, 2026

By:

  
**MARIA TERESITA ZUNIGA-DIMACULANGAN**

Partner

CPA Certificate No. 0036077

BOA Accreditation No. 0416-002, effective until March 19, 2027

SEC Accreditation No. 36077 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)

BIR Accreditation No. 08-002906-001-2023, effective until April 14, 2026

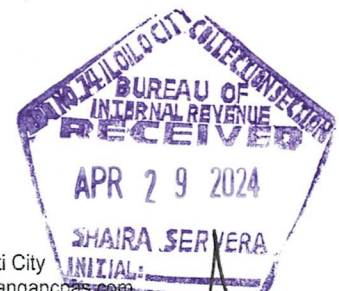
Tax Identification No. 133-451-815

PTR No. MKT 10126679, February 01, 2024

April 15, 2024

Makati City

Philippines



# **Asia Pacific Medical Center – Iloilo, Inc.**

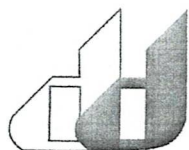
*(Formerly: Allied Care Experts (ACE) Medical Center  
- Iloilo Inc.)*

## **Financial Statements**

As at December 31, 2023 and 2022 and  
for the years ended December 31, 2023, 2022 and 2021

and

## **Independent Auditor's Report**



**dimaculangan,  
dimaculangan and co. cpa's**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** *(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)* (the “Company”), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the financial statements, including a including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

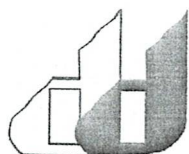
*Basis for Opinion*

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

*Emphasis of the Matter*

As discussed in Note 1 of the financial statements, the Company is still in its pre-commercial operation stage as at December 31, 2023. Its main activities are limited to the construction of the hospital building which is currently in progress.

The accumulated deficit amounting to ₱345,203,042 and ₱197,870,210 as at December 31, 2023 and 2022, respectively, represent various general and administrative expenses actually incurred by the Company while it is still in its pre-operating stage. It is expected to generate positive result upon commencement of its commercial operations.



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### *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, 2023, 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.

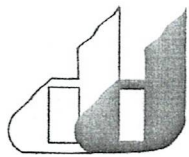
Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *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.



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

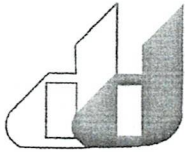
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**Report on Additional Components of the Financial Statements**

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.** (Formerly: *Allied Care Experts (ACE) Medical Center - Iloilo Inc.*) (the "Company") as at and for the year ended December 31, 2023 and have issued our report thereon dated April 15, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules required by paragraph 7, Part II of the Revised Securities Regulation Code (SRC) Rule 68 (Annex 68-J), Reconciliation of Retained Earnings Available for Dividend Declaration, and Schedule of Financial Soundness Indicators are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised SRC Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.



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**For the Firm:**

**DIMACULANGAN, DIMACULANGAN AND COMPANY, CPA'S**

BOA Accreditation No. 0416, effective until March 19, 2027

SEC Accreditation No. 0416 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)

BIR Accreditation No. 08-002906-000-2023, effective until April 14, 2026

**By:**

  
MARIA TERESITA ZUNIGA-DIMACULANGAN

Partner

CPA Certificate No. 0036077

BOA Accreditation No. 0416-002, effective until March 19, 2027

SEC Accreditation No. 36077 (Group B), effective February 7, 2023 (for the Audit Period 2022 -2026)

BIR Accreditation No. 08-002906-001-2023, effective until April 14, 2026

Tax Identification No. 133-451-815

PTR No. MKT 10126679, February 01, 2024

April 15, 2024

Makati City

Philippines

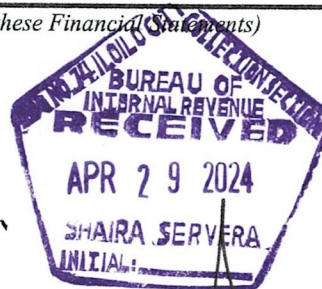




**ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Philippine Peso)

ASSETS	Notes	As at December 31,	
		2023	2022
<b>CURRENT ASSETS</b>			
Cash	6	4,998,949	11,514,559
Receivables	7	7,958,575	2,438,056
Advances to contractors	8	50,397,948	58,043,017
Advances to suppliers	8	7,766,188	1,551,654
Medical inventories and hospital supplies	9	2,709,764	-
Prepayments and other current assets	10	1,822,143	559,910
		75,653,567	74,107,196
<b>NON-CURRENT ASSETS</b>			
Property and equipment (net)	11	527,822,795	447,444,919
Construction-in-progress	12	1,805,205,972	1,536,817,631
Advances to related parties	8,13	39,030,125	35,595,773
Other assets		5,015,000	5,015,171
		2,377,073,892	2,024,873,494
<b>TOTAL ASSETS</b>		2,452,727,459	2,098,980,690
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	13	204,702,364	132,799,504
Loans payable to individuals	14	20,342,700	20,766,700
Notes payable - current portion	15	15,000,000	28,747,867
		240,045,064	182,314,071
<b>NON-CURRENT LIABILITIES</b>			
Loans payable to a related party	16	393,434,969	237,834,969
Notes payable - net of current portion	15	970,594,306	857,748,031
		1,364,029,275	1,095,583,000
<b>TOTAL LIABILITIES</b>		1,604,074,339	1,277,897,071
<b>EQUITY</b>			
Share capital (net)	17	239,960,000	235,670,000
Share premium	17	953,896,162	783,283,829
Deficit	1	(345,203,042)	(197,870,210)
		848,653,120	821,083,619
<b>TOTAL LIABILITIES AND EQUITY</b>		2,452,727,459	2,098,980,690

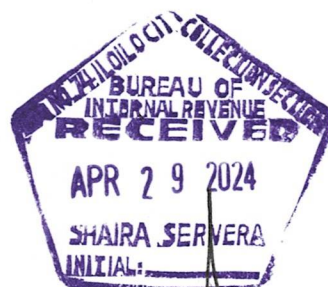
*(The accompanying Notes to Financial Statements is an integral part of these Financial Statements)*



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

	Notes	For the years ended December 31,		
		2023	2022	2021
REVENUE	18	5,995,365	-	-
DIRECT COST	19	6,127,455	-	-
GROSS LOSS		(132,090)	-	-
Advances to suppliers				
OTHER INCOME	6,20	71,075	119,929	22,133
GROSS INCOME (LOSS)		(61,015)	119,929	22,133
GENERAL AND ADMINISTRATIVE EXPENSES	21	110,301,610	22,053,192	19,051,323
LOSS FROM OPERATIONS		(110,362,625)	(21,933,263)	(19,029,190)
FINANCE COSTS	12,16	36,970,036	30,288,654	15,977,437
NET LOSS BEFORE INCOME TAX		(147,332,661)	(52,221,917)	(35,006,627)
INCOME TAX EXPENSE	22	171	-	-
NET LOSS FOR THE YEAR		(147,332,832)	(52,221,917)	(35,006,627)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(147,332,832)	(52,221,917)	(35,006,627)
BASIC LOSS PER SHARE	23	(613.99)	(221.59)	(148.93)

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



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

	Share Capital (Note 17)	Share Premium (Note 17)	Deficit (Note 1)	Total
<b>EQUITY</b>				
As at January 1, 2021	221,234,000	653,467,980	(110,641,666)	764,060,314
Additional share capital	13,826,000	-	-	13,826,000
Share premium	-	72,698,639	-	72,698,639
Net loss for the year	-	-	(35,006,627)	(35,006,627)
As at December 31, 2021	235,060,000	726,166,619	(145,648,293)	815,578,326
Additional share capital	610,000	-	-	610,000
Share premium	-	57,117,210	-	57,117,210
Net loss for the year	-	-	(52,221,917)	(52,221,917)
As at December 31, 2022	235,670,000	783,283,829	(197,870,210)	821,083,619
Additional share capital	4,290,000	-	-	4,290,000
Share premium	-	170,612,333	-	170,612,333
Net loss for the year	-	-	(147,332,832)	(147,332,832)
<b>As at December 31, 2023</b>	<b>239,960,000</b>	<b>953,896,162</b>	<b>(345,203,042)</b>	<b>848,653,120</b>

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

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

	<i>Notes</i>	<b>For the years ended December 31,</b>		
		<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss before income tax		(147,332,661)	(52,221,917)	(35,006,627)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	<i>11</i>	5,394,843	879,938	502,103
Amortization	<i>21</i>	-	8,333	41,667
Interest income	<i>6,20</i>	(19,158)	(10,028)	(22,133)
Interest expense	<i>12,16</i>	(36,970,036)	(30,288,654)	(15,977,437)
Operating cash outflows before changes in working capital		(178,927,012)	(81,632,328)	(50,462,427)
Changes in working capital components:				
Decrease (increase) in current assets:				
Receivable	<i>7</i>	(5,520,519)	799,497	(3,096,901)
Medical inventories and hospital supplies	<i>9</i>	(2,709,764)	-	-
Advances to related parties	<i>8,13</i>	(3,434,352)	-	(3,532,570)
Advances to contractors	<i>8</i>	7,645,069	(2,956,180)	(8,480,958)
Advances to suppliers	<i>8</i>	(6,214,534)	5,120,090	350,527
Prepayments and other current assets		(1,262,234)	(233,897)	(112,155)
Other non-current assets		171	-	-
Increase (decrease) in current liabilities:				
Accounts payable and other liabilities	<i>13</i>	46,267,666	39,243,989	(14,595,909)
Net cash used in operations		(144,155,509)	(39,658,830)	(79,930,393)
Income tax paid	<i>22</i>	(171)	-	(171)
Interest received	<i>6,20</i>	19,158	10,028	22,133
<b>Net cash used in operating activities</b>		<b>(144,136,522)</b>	<b>(39,648,802)</b>	<b>(79,908,431)</b>

*Balance forwarded*

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

	Notes	For the years ended December 31,		
		2023	2022	2021
<i>Forwarded balance</i>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to construction-in-progress	12	(242,753,148)	(172,790,751)	(137,109,476)
Additions to property and equipment	11	(85,772,718)	(30,520,238)	(5,361,745)
Additions to intangible assets		-	-	(50,000)
<b>Net cash used in investing activities</b>		<b>(328,525,866)</b>	<b>(203,310,989)</b>	<b>(142,521,221)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Additional share capital	17	4,290,000	610,000	13,826,000
Additional share premium	17	170,612,333	57,117,210	72,698,639
Payments of principal on bank loans	15	(13,747,867)	(6,307,736)	(15,071,636)
Additional loans payable	12	112,846,275	31,485,190	-
Proceeds from bank loan	15	-	-	-
Payments of loans payable to individuals	14	(424,000)	(2,233,300)	(7,343,471)
Proceeds of loans payable to a related party	16	155,600,000	129,000,000	108,834,969
Payments of advances from shareholders	13	-	-	-
Interest paid	12,16	36,970,036	30,288,654	15,977,437
<b>Net cash provided by financing activities</b>		<b>466,146,777</b>	<b>239,960,019</b>	<b>188,921,938</b>
<b>NET DECREASE IN CASH</b>		<b>(6,515,611)</b>	<b>(2,999,772)</b>	<b>(33,507,714)</b>
<b>CASH, beginning of the year</b>		<b>11,514,560</b>	<b>14,514,332</b>	<b>48,022,046</b>
<b>CASH, end of the year</b>	6	<b>4,998,949</b>	<b>11,514,560</b>	<b>14,514,332</b>
<b>NONCASH INVESTING ACTIVITIES</b>				
Accrued interest payable	13	25,635,193	6,302,656	5,186,681
Additions to construction-in-progress	12	(25,635,193)	(6,302,656)	(5,186,681)
		-	-	-

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

## **ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.**

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

### **NOTES TO FINANCIAL STATEMENTS**

As at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021  
(Amounts in Philippine Peso)

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#### **NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS**

##### *Corporate Information*

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

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

The Company’s primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo-hospitals, scientific research institutions and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

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

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

##### *Status of Operations*

On December 2023, the Company has started the commercial operations of the multi-disciplinary medical facility to service the in-patient and out-patient operations, including the emergency medical services. The activation of the respective revenue centers of the hospital has been initiated to achieve full operational capacity and status.

The Company has incurred an accumulated deficit of ₱345,202,869 and ₱208,358,645 as at December 31, 2023 and 2022, respectively, as a result of various general and administrative expenses incurred while the Company is still in its pre-commercial operation stage. The Company, however, to generate positive results and recover these pre-operating deficits in the ordinary course of business, especially so when full operational capacity has been achieved.

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

### **Statement of Compliance**

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

### **Basis of Preparation and Presentation**

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

### **Functional and Presentation Currency**

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

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

### **Adoption of New and Revised Accounting Standards Effective in 2023**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2023.

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both

the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.
- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

#### **Accounting Standard Effective But Not Applicable:**

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules* – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.



## **New and Amended PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted**

Relevant new and amended PFRS and PIC issuances, which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.
- *IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry* – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On December 15, 2020, the SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. This standard will not be applicable since the company is not a real estate company.

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of “assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)” until December 31, 2023.

- PIC Q&A 2018-12-E, *Treatment of Land in the Determination of the POC* – The PIC Q&A clarified that the cost of the land should be excluded in measuring the POC of performance obligation and should be accounted for as fulfillment cost.

On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of “exclusion of land in calculation of POC as discussed in PIC Q&A 2018-12-E” until December 31, 2023. This standard will not be applicable since the company is not a real estate company.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

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

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.
- PFRS 17, *Insurance Contracts*– This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025. This standard will not be applicable since the company is not an Insurance Company.

- Amendment to PFRS 17, *Insurance Contracts - Initial Application of PFRS 17 and PFRS 9 - Comparative information*– The amendment adds a transition option for a “classification overlay” to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS 17. If an entity elects to apply the classification overlay, it

can only do so for comparative periods to which it applies PFRS 17. No amendments have been made to the transition requirements of PFRS 9. This amendment will not be applicable since the company is not an Insurance Company.

#### Deferred effectivity

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

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS and PIC issuances is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

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#### **NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES**

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

##### **Current versus Noncurrent Classification**

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

An asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

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

## **Fair Value Measurement**

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

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

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

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

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

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

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

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

## **Financial Instruments**

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

### **Financial Assets**

#### ***Date of Recognition***

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

#### ***"Day 1" Difference***

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases

where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

## **Financial assets**

### ***Initial Recognition and Measurement***

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

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

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

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

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

### ***Subsequent Measurement***

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

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

#### **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 petty cash fund), receivable – others and other non-current assets (excluding deferred tax assets) as at reporting dates.

Financial assets fair value through OCI (debt instruments)

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

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

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 statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through profit or loss

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

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

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

***Derecognition***

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

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risk and rewards of the asset, or (b) the Company has

neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

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

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

### ***Reclassification***

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

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

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

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

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

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

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

### ***Impairment***

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the

contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

### *Write-off*

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

## **Financial Liabilities**

### *Initial Recognition and Measurement*

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

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

### *Subsequent Measurement*

The measurement of financial liabilities are classified into two categories:

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

#### Financial liabilities at fair value through profit or loss

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

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



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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

#### Financial liabilities at amortized cost (loans and borrowings)

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

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

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans to a related party and notes payable (see Notes 13, 14, 15 and 16).

#### ***Derecognition***

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

#### ***Fair Value Option***

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

#### ***Classification of Financial Instrument between Liability and Equity***

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

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

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

#### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts

and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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

### **Cash**

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

### **Advances**

Advances represents deposits or down payments (ranging from 25% to 50%) paid to contractors, merchants and, or broker-agents for specific completion or delivery of contractual obligations or service undertakings, including acquisition of medical machineries or clinical apparatus or equipment and medicinal inventories or supplies. These advances which are already paid but not yet incurred will be recognized either as an asset or an expense upon completion or delivery of such obligations, undertakings or acquisitions.

### **Prepayments and Other Current Assets**

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

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

### **Medical Inventories and Hospital Supplies**

Medical inventories and hospital supplies are initially measured at cost. Cost includes all costs of purchases, cost of conversion and other costs incurred in bringing the medical inventories and hospital supplies to their present location and condition. Medical inventories and hospital supplies are subsequently measured at the lower of cost and estimated selling price less costs to sell (net realizable value). Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, medical inventories and hospital supplies are assessed for impairment. If medical inventories and hospital supplies is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in the statements of comprehensive income (loss).

### **Property and Equipment**

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

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

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

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

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

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

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

### **Intangible Assets**

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

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

### **Construction-in-progress**

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

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

The account shall be reclassified to Building in 2024.

## **Impairment of Non-Financial Assets**

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

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

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

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

## **Equity**

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

### *Share capital*

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

### *Share premium*

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

### *Deficit*

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

## **Revenue Recognition**

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

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good

or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

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

*Service income from hospital services*

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

*Sale of medical goods*

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

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

**Revenue Recognition outside the Scope of PFRS 15**

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

*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.

**Costs and Expense Recognition**

Costs and 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. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items 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.

Costs and expenses in the statements of comprehensive income are presented using the function of expense method. Direct costs are expenses incurred that are associated with services rendered. General and administrative expenses are costs attributable to general administrative, and other business activities of the Company.

**Related Party Relationships and Transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

## **Employee Benefits**

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

### Short-term Benefits

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

### Retirement or Post-employment Benefits

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

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

## **Borrowing costs**

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

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

## **Foreign Currency Translations**

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

## **Income Tax**

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

### Current tax

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

### Deferred tax

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

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

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

### **Earnings (Loss) per Share**

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

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

### **Provisions and Contingencies**

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

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

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

#### **Events after the Reporting Period**

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

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

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

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

#### **Judgments in Applying the Company's Accounting Policies**

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

##### *Business Model Assessment*

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



### *Significant Increase of Credit Risk*

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

### *Functional currency*

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

### *Classification of Financial Instrument*

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

### *Determination of Whether a Lease is a Finance or Operating Lease*

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

### *Recognition of Deferred Income Taxes*

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

### *Impairment of Non-Financial Assets*

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

### *Provisions and Contingencies*

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

## Estimates and Assumptions

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

### *Assessment for ECL on Other Financial Assets at Amortized Cost*

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

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

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

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

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized as at December 31, 2023 and 2022.

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

	2023	2022
Cash in banks*	4,588,993	11,484,559
Receivable - others	7,958,575	2,438,056
Other assets	5,015,000	5,015,000
	<b>17,562,568</b>	<b>18,937,615</b>

\*excluding petty cash fund amounting to P409,956 as at December 31, 2023 and P30,000 in 2022.

\*\*excluding deferred tax assets amounting to P-0-as at December 31, 2023 and P171 in 2022.

### *Assessment for Impairment of Non-financial Assets*

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

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

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

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

No impairment loss on non-financial assets was recognized as at December 31, 2023 and 2022.

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

	2023	2022
Advances to related parties	39,030,125	35,595,773
Advances to contractors	50,397,948	58,043,017
Advances to suppliers	7,766,188	1,551,654
Property and equipment (net)	527,822,795	447,444,919
Construction-in-progress	1,805,205,972	1,536,817,631
	<b>2,430,223,028</b>	<b>2,079,452,994</b>

#### *Estimating useful lives of assets*

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

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

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

As at December 31, 2023 and 2022, the Company's property and equipment had carrying amounts of ₱527,822,795 and ₱447,444,919, respectively, as disclosed in Note 11.

Amortization of intangible asset is calculated on a straight-line basis over 1 year. As at December 31, 2023, the Company's intangible assets has a carrying amount of ₱-0-.

### *Asset impairment other than goodwill*

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

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

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

As at December 31, 2023 and 2022, 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 ₱-0- and ₱171 as at December 31, 2023 and 2022, respectively (see Note 20).

Deferred tax assets with full valuation allowance as at December 31, 2023, 2022 and 2021 amounted to ₱69,505,158, ₱32,665,609, and ₱28,866,042, respectively (see Note 22).

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### **NOTE 6 - CASH**

This account consists of:

	<u>2023</u>	<u>2022</u>
Petty cash fund	409,956	30,000
Cash in banks	4,588,993	11,484,559
	<u>4,998,949</u>	<u>11,514,559</u>

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

Cash in banks generally earn interest at the prevailing bank's deposit rates. Interest earned from bank accounts amounted to ₱19,158, ₱10,028, and ₱22,133 in 2023, 2022 and 2021, respectively, and is presented as part of "other income" in the statements of comprehensive loss (see Note 18).

Unrealized foreign exchange gain resulting from translation of foreign currency-denominated cash in bank into Philippine peso amounted to ₱18,964 and ₱109,901 in 2023 and 2022, respectively and is presented as part of "other income" in the statements of comprehensive loss (see Note 18).

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**NOTE 7 - RECEIVABLES**

This account consists of:

	<b>2023</b>	2022
Advances from employees and officers	<b>3,753,880</b>	103,367
Due from PhilHealth <sup>1)</sup>	<b>1,169,061</b>	–
Accounts receivables	<b>76,038</b>	–
Other receivables	<b>2,959,596</b>	2,334,689
	<b>7,958,575</b>	2,438,056

<sup>1)</sup>This account pertains to reimbursements for hospital expenses and doctors' fees availed by patients who are members of the Philippine Health Insurance Corporation (PhilHealth).

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**NOTE 8 - ADVANCES TO CONTRACTORS AND SUPPLIERS**

This account consists of:

	<b>2023</b>	2022
Advances to contractors <sup>1)</sup>	<b>50,397,948</b>	58,043,017
Advances to suppliers <sup>2)</sup>	<b>7,766,188</b>	1,551,654
	<b>58,164,136</b>	59,594,671

<sup>1)</sup> 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.

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

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**NOTE 9 - MEDICAL INVENTORIES AND HOSPITAL SUPPLIES**

The account comprises of the following balances as of December 31, 2023:

	<b>2023</b>
General hospital maintenance supplies	<b>2,275,601</b>
Medical and laboratory supplies <sup>1)</sup>	<b>269,067</b>
Drugs and medicines for sale	<b>165,096</b>
	<b>2,709,764</b>

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

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

## NOTE 10 - PREPAYMENTS AND OTHER CURRENT OTHERS

This account consists of:

	2023	2022
Prepaid insurance	156,210	296,950
Others	1,665,933	262,960
	<b>1,822,143</b>	<b>559,910</b>

## NOTE 11 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at December 31, 2023 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	IT Equipment & Software	Kitchen Tools	Books/ Periodicals	Total
<b>Cost:</b>								
At beginning of year	28,291,630	9,049,590	297,878,140	113,541,569	-	1,072,375	11,545	449,844,848
Additions	-	8,313,146	47,656,121	-	30,658	30,935,592	-	86,935,517
Reclassification	-	-	-	(1,151,254)	-	-	(11,545)	(1,162,799)
<b>At end of year</b>	<b>28,291,630</b>	<b>17,362,737</b>	<b>345,534,261</b>	<b>112,390,315</b>	<b>30,658</b>	<b>32,007,967</b>	<b>-</b>	<b>535,617,568</b>
<b>Accumulated depreciation:</b>								
At beginning of year	-	2,393,750	-	-	-	-	6,179	2,399,929
Reclassification	-	-	-	-	-	-	(6,179)	(6,179)
Depreciation	-	2,742,346	-	-	-	2,658,677	-	5,401,023
<b>At end of year</b>	<b>-</b>	<b>5,136,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,658,677</b>	<b>-</b>	<b>7,794,773</b>
<b>Net carrying value, December 31, 2023</b>	<b>28,291,630</b>	<b>12,226,641</b>	<b>345,534,261</b>	<b>112,390,315</b>	<b>30,658</b>	<b>29,349,290</b>	<b>-</b>	<b>527,822,795</b>

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

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
<b>Cost:</b>							
At beginning of year	28,291,630	2,842,952	292,224,738	94,913,982	1,039,762	11,545	419,324,609
Additions	-	6,206,637	5,653,402	18,627,587	32,613	-	30,520,239
<b>At end of year</b>	<b>28,291,630</b>	<b>9,049,589</b>	<b>297,878,140</b>	<b>113,541,569</b>	<b>1,072,375</b>	<b>11,545</b>	<b>449,844,848</b>
<b>Accumulated depreciation:</b>							
At beginning of year	-	1,515,529	-	-	-	4,462	1,519,991
Depreciation	-	878,221	-	-	-	1,717	879,938
<b>At end of year</b>	<b>-</b>	<b>2,393,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,179</b>	<b>2,399,929</b>
<b>Net carrying value, December 31, 2022</b>	<b>28,291,630</b>	<b>6,655,839</b>	<b>297,878,140</b>	<b>113,541,569</b>	<b>1,072,375</b>	<b>5,366</b>	<b>447,444,919</b>

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

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

The Company has a total contract commitment to purchase medical equipment totalling ₱454,370,959 as at December 31, 2023. Advances to related parties amounting to ₱39,030,125 (Note 16) 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 12) and is the subject of a real estate mortgage as disclosed in Note 15.

Management has reviewed the carrying values of property and equipment as at December 31, 2023 and 2022, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

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#### NOTE 12 - 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 2022	Amount of Transactions 2023	As at end of Year 2023
Payment to contractors	1,246,908,061	96,230,382	1,343,138,443
Capitalized borrowing cost	167,035,648	38,111,109	205,146,757
Other related costs	122,873,922	134,046,850	256,920,772
	<u>1,536,817,631</u>	<u>268,388,341</u>	<u>1,805,205,972</u>

During the development and construction of the hospital building, capitalized borrowing costs amounted to ₱38.1 million, ₱38.1 million, and ₱37.7 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 15).

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

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at ninety-nine point eighty-six (99.86%).

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#### NOTE 13 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2023	2022
Retention payable <sup>1)</sup>	46,392,615	50,203,580
Accounts payable – contractors and suppliers <sup>2)</sup>	121,792,436	75,821,830
Accrued interest payable <sup>3)</sup>	25,635,193	6,302,656
Statutory liabilities <sup>4)</sup>	2,289,008	464,334
Accounts payable – nontrade	2,311,548	-
Accrued expenses <sup>5)</sup>	5,945,109	7,104
Other payables	336,455	-
	<u>204,702,364</u>	<u>132,799,504</u>

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

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

3) Accrued interest payable refers to interest expense incurred on loans from bank (see Note 15).

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

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

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#### NOTE 14 - 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.

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#### NOTE 15 - NOTES PAYABLE

Notes payable as at December 31 consist of:

	2023	2022
Current portion:		
Notes payable – construction-in-progress	10,000,000	18,923,208
Notes payable – medical equipment	5,000,000	9,824,659
	<b>15,000,000</b>	<b>28,747,867</b>
Non-current portion:		
Notes payable – construction-in-progress	677,875,714	576,350,276
Notes payable – medical equipment	292,718,592	281,397,755
	<b>970,594,306</b>	<b>857,748,031</b>
	<b>985,594,306</b>	<b>886,495,898</b>

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

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

The loan is available in several drawdowns, payable ranging from 8 years to 10 years in ladderized quarterly amortizations, including grace periods ranging from 1 year to 4 years on



principal amortization, with an interest rate of 5% to 6.63% per annum payable quarterly in arrears from date of loan release.

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

Total finance costs incurred on loans for financing the construction of hospital building amounted to ₱38,111,109, ₱38,105,541, and ₱37,714,731 for the years ended December 31, 2023, 2022 and 2021, respectively, and was capitalized to construction-in-progress account in the statements of financial position (see Note 12).

The Company incurred finance costs on loans for acquisition of medical equipment and fixtures amounting to ₱16,010,421, ₱19,800,219, and ₱14,703,074 for the years ended December 31, 2023, 2022 and 2021, respectively, and is reflected in the statements of comprehensive loss.

#### NOTE 16 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. The following transactions were carried out with related parties as at December 31, 2023 and 2022:

Category	Outstanding Balance 2021	Amount of Transactions 2022	Outstanding Balance 2022	Amount of Transactions 2023	Outstanding Balance 2023	Terms	Conditions
Receivable – others (various ACE hospitals)	47,472	–	47,472	–	47,472	Non-interest bearing, to be collected in cash	Unsecured, unguaranteed, not impaired
<b>Advances to related parties:</b>							
Endure Medical, Inc.	32,079,869	–	32,079,869	–	32,079,869	Non-interest bearing, to be collected in cash (a)	Unsecured, unguaranteed, not impaired
TIPP Digital Solutions Inc.	3,515,904	–	3,515,904	3,386,880	6,902,784	Non-interest bearing, to be collected in cash (b)	Unsecured, unguaranteed, not impaired
	35,595,773	–	35,595,773	3,386,880	39,030,125		
Accounts Payable - Endure Medical, Inc.	10,539,478	23,050,390	33,589,868	11,643,658	45,233,526	Non-interest bearing, to be paid in cash	Unsecured, unguaranteed, not impaired
Loans payable to a related party	108,834,969	129,000,000	237,834,969	155,600,000	393,434,969	Interest bearing, to be paid in cash (c)	Unsecured, unguaranteed, not impaired

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

The Company engaged the services of an indenter (Endure Medical, Inc.) which has relatively significant influence over the key management personnel of the Company. The Indenter facilitates the importation and acquisition of medical and hospital equipment, furniture and fixtures for the hospital building under construction (see Notes 11 and 12).

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

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

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

(c) Loans payable to a related party

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., which has relatively significant influence over a key management personnel of the Company. The loan was incurred for payment of interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 6.50%-8.50% per annum and is payable subject to availability of funds. Interest incurred for the years ended December 31, 2023 and 2022 and is reflected in the statements of comprehensive loss amounted to ₱20,959,616 and ₱10,488,435, respectively. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

#### Key Management Personnel Compensation

Key management compensation amounted to ₱3,330,000, ₱5,818,958, and ₱4,320,000 for the years ended December 31, 2023, 2022 and 2021, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

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#### **NOTE 17 - SHARE CAPITAL**

Details of the Company's share capital as at December 31, 2023:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	600,000
Common shares	239,400	239,400,000
<b>Total authorized share capital</b>	<b>240,000</b>	<b>240,000,000</b>
Subscribed share capital:		
Founder's shares	600	600,000
Common shares	239,360	239,360,000
<b>Total subscribed share capital</b>	<b>239,960</b>	<b>239,960,000</b>
Paid-up share capital:		
Founder's shares	600	600,000
Common shares	239,360	239,360,000
<b>Total paid-up share capital</b>	<b>239,960</b>	<b>239,960,000</b>

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

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

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

As of date, pursuant to the SEC's approval, the Company issued a total of **THIRTY-ONE THOUSAND SIX HUNDRED TWENTY (31,620)** common shares. The related share premium after deducting transaction costs associated with the issuance of shares amounted to ₱953,896,162. The common share offer price amounted to ₱250,000 up to ₱400,000 per block [one (1) block = ten (10) common shares].

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

#### **NOTE 18 - REVENUE**

Details of account consist of:

Revenues earned for the year ended are as follows:

	2023
Domestic Sale of Services	7,024,531
Domestic Sale of Goods	55,823
	<b>7,080,354</b>
Less: Sales Discount on Services	(954,589)
Sales Discount on Goods	(21,006)
Sales Return and Allowances	(109,394)
<b>Net Revenues</b>	<b>5,995,365</b>

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**NOTE 19 - DIRECT COSTS**

This account consists of the following:

	2023
Cost of Hospital Services:	
Professional Fees	3,644,291
Hospital supplies	1,379,238
Salaries and Wages	1,055,245
Utilities Expense	48,681
	<b>6,127,455</b>

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**NOTE 20 - OTHER INCOME**

Details of account consist of:

	2023	2022	2021
Interest income (Note 6)	19,158	10,028	22,133
Unrealized foreign exchange gain (Note 6)	18,964	109,901	-
Other revenue	32,953	-	-
	<b>71,075</b>	<b>119,929</b>	<b>22,133</b>

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**NOTE 21 - GENERAL AND ADMINISTRATIVE EXPENSES**

Details of account consists of:

	<i>Notes</i>	2023	2022	2021
Salaries and allowances <sup>1)</sup>		65,369,297	12,391,189	10,114,250
Utilities		8,323,809	127,511	136,494
SSS, PHIC and HDMF Contributions		7,865,598	734,057	600,173
Taxes and licenses <sup>2)</sup>		7,417,040	1,871,785	207,982
Depreciation	<i>11</i>	5,394,843	879,938	502,103
Office supplies		3,501,593	285,099	393,884
Security services		3,074,911	1,084,372	1,848,089
Board meetings and conferences		2,257,500	2,087,830	2,361,231
Trainings and seminars		1,418,787	152,557	288,095
Professional fee and legal fees <sup>1)</sup>		1,193,873	1,693,213	1,803,246
Repairs and maintenance		786,245	-	-
Advertising expenses		605,967	63,200	51,414
Communication expense		511,602		
Insurance expense		445,426	-	144,642
Transportation and travel		305,828	67,409	40,182
Housekeeping expense		460,633		
Entertainment and Representation		9,612	-	-
Rental <sup>3)</sup>		3,500	9,500	50,151
Amortization		-	8,333	41,667
Miscellaneous		1,355,546	597,199	467,720
		<b>110,301,610</b>	<b>22,053,192</b>	<b>19,051,323</b>

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<sup>1)</sup> Material amount of professional fees in 2023 is due to payment for the processing of the secondary licenses of the Company and for engaging a financing officer who shall primarily be responsible in managing the Company's finances, record-keeping, and financial reporting.

<sup>2)</sup> Increase in taxes and licenses in 2023 resulted from payment of documentary stamp tax due to additional bank loans obtained during the year.

<sup>3)</sup> Decrease in rental expense is due to the termination of the office space lease agreement. Rental expense in 2023 and 2022 pertains to rental of photocopier machine.

## NOTE 22 - INCOME TAX EXPENSE

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

<b>I. Regular Corporate Income tax (RCIT)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net loss before income tax	<b>(147,332,661)</b>	(52,221,917)	(35,006,627)
Add (deduct) reconciling items:			
Interest expense arbitrage	<b>4,789</b>	2,507	5,533
Non-deductible penalties on taxes (Note 19)	–	–	133,499
Unrealized forex gain (Note 6 and 18)	<b>(18,964)</b>	(109,901)	–
Interest income subjected to final tax (Notes 6,18)	<b>(19,158)</b>	(10,028)	(22,133)
Net operating loss	<b>(147,365,993)</b>	(52,339,339)	(34,889,728)
Tax rate	<b>25%</b>	25%	25%
<b>RCIT</b>	<b>NIL</b>	NIL	NIL

## II. Minimum Corporate Income Tax (MCIT)

For the years ended December 31, 2023 and 2022, the Company did not generate any revenues subject to minimum corporate income tax.

## III. Deferred Tax Asset

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

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

<b>Year Incurred</b>	<b>Expiration date</b>	<b>Beginning balance</b>	<b>Additions</b>	<b>Expired</b>	<b>Claimed</b>	<b>Ending Balance</b>
<b>NOLCO</b>						
2020	2025	43,425,573	–	–	–	43,425,573
2021	2026	34,889,728	–	–	–	34,889,728
2022	2025	52,339,339	–	–	–	52,339,339
<b>2023</b>	<b>2026</b>	–	<b>147,365,993</b>	–	–	<b>147,365,993</b>
		<b>130,654,640</b>	<b>147,365,993</b>	–	–	<b>278,020,633</b>

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
<b>MCIT</b>						
2020	2023	171	–	(171)	–	–
		171	–	(171)	–	–

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

	2023	2022	2021
NOLCO	278,020,633	130,662,435	115,464,169
Tax rate	25%	25%	25%
	69,505,158	32,665,609	28,866,042
MCIT	–	171	171
	69,505,158	32,665,780	28,866,213
Valuation allowance (Note 5)	(69,505,158)	(32,665,609)	(28,866,042)
Deferred tax asset (other noncurrent assets)	–	171	171

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

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

#### NOTE 23 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	2023	2022	2021
Loss attributable to ordinary shares	(147,332,832)	(52,221,917)	(35,006,627)
Divide by: Weighted average number of ordinary shares outstanding	239,960	235,670	235,060
Basic loss per share	613.99	(221.59)	(148.93)

There are no potential dilutive ordinary shares outstanding as at December 31, 2023, 2022 and 2021.

#### NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Financial Risk

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

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

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

### *Credit risk*

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

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

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

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

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

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

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

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

As at December 31, 2023				
	Financial assets at amortized cost			Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
Cash in banks*	4,588,993	–	–	4,588,993
Receivable - others	7,958,575	–	–	7,958,575
Other non-current assets**	–	5,015,000	–	5,015,000
	<b>12,547,568</b>	<b>5,015,000</b>	–	<b>17,562,568</b>

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to ₱0- as at December 31, 2023.

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

\*Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.

\*\*Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.

### **Interest Rate Risk**

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

The primary source of the Company's interest rate risk relates to its cash in banks, notes payable and loans payable to a related party (Notes 6, 14 and 15).

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

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

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

### **Liquidity Risk**

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



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

As at December 31, 2023

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Assets:</b>					
Cash*	4,588,993	–	–	–	4,588,993
Receivable - others	7,958,575	–	–	–	7,958,575
Other non-current assets**	–	–	5,015,000	–	5,015,000
	<b>12,547,568</b>	<b>–</b>	<b>5,015,000</b>	<b>–</b>	<b>17,562,568</b>

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to ₱-0- as at December 31, 2023.

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Financial Liabilities:</b>					
Accounts payable and other liabilities***	70,078,186	132,335,170	–	–	202,413,356
Loans payable to individuals	20,342,700	–	–	–	20,342,700
Loans payable to a related party	393,434,969	–	–	–	393,434,969
Notes payable	15,000,000	970,594,306	–	–	985,594,306
	<b>498,855,855</b>	<b>1,102,929,476</b>	<b>–</b>	<b>–</b>	<b>1,601,785,331</b>

\*\*\*Excluding government liabilities amounting to ₱2,289,008 as at December 31, 2023.

As at December 31, 2022

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

\*Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.

\*\*Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.

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

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

## FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	As at December 31, 2023		As at December 31, 2022	
	Carrying Amounts	Carrying Amounts	Carrying Amounts	Fair Values
<b>Financial Assets:</b>				
Cash*	4,588,993	4,588,993	11,484,559	11,484,559
Receivable - others	7,958,575	7,958,575	2,438,056	2,438,056
Other non-current assets**	5,015,000	5,015,000	5,015,000	5,015,000
	<b>17,562,568</b>	<b>17,562,568</b>	18,937,615	18,937,615

\*Excluding petty cash fund amounting to ₱409,956 as at December 31, 2023 and 2022.

\*\*Excluding petty cash fund amounting to ₱-0- as at December 31, 2023 and 2022, respectively.

<b>Financial Liabilities:</b>				
Accounts payable and other liabilities***	202,413,356	202,413,356	132,335,170	132,335,170
Loans payable to individuals	20,342,700	20,342,700	20,766,700	20,766,700
Loans payable to a related party	393,434,969	393,434,969	237,834,969	237,834,969
Notes payable	985,594,306	985,594,306	886,495,898	886,495,898
	<b>1,601,785,331</b>	<b>1,601,785,331</b>	1,277,432,737	1,277,432,737

\*\*\*Excluding government liabilities amounting to ₱2,289,008 and ₱464,334 as at December 31, 2023 and 2022, respectively.

### Assumption Used to Estimate Fair Values

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

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

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

### Fair Value Hierarchy

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

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

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

As at December 31, 2023			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	4,588,993	-	-
Receivable – others	-	7,958,575	-
Other non-current assets**	-	5,015,000	-
	<b>4,588,993</b>	<b>12,973,575</b>	-

\*Excluding petty cash fund amounting to P409,956 as at December 31, 2023.

\*\*Excluding deferred tax assets amounting to P-0- as at December 31, 2023.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities***	-	202,413,356	-
Loans payable to individuals	-	20,342,700	-
Loans payable to a related party	-	393,434,969	-
Notes payable	-	985,594,306	-
	-	<b>1,601,785,331</b>	-

\*\*\*Excluding government liabilities amounting to P2,289,008 as at December 31, 2023.

As at December 31, 2022			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
<b>Financial Assets:</b>			
Cash*	11,484,559	-	-
Receivable - others	-	2,438,056	-
Other non-current assets**	-	5,015,000	-
	<b>11,484,559</b>	<b>7,453,056</b>	-

\*Excluding petty cash fund amounting to P30,000 as at December 31, 2022.

\*\*Excluding deferred tax assets amounting to P171 as at December 31, 2022.

<b>Financial Liabilities:</b>			
Accounts payable and other liabilities***	-	132,335,170	-
Loans payable to individuals	-	20,766,700	-
Loans payable to a related party	-	237,834,969	-
Notes payable	-	886,495,898	-
	-	<b>1,277,432,737</b>	-

\*\*\*Excluding government liabilities amounting to P464,334 as at December 31, 2022.

There were no reclassifications made between the different fair value hierarchy level as at December 31, 2023 and 2022.

## CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations and maximize shareholders value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend

payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

The following table pertains to the account balances the Company considers as its core economic capital:

	2023	2022
Share capital	239,960,000	235,670,000
Share premium	953,896,162	783,283,829
Deficit	(345,203,042)	(197,870,210)
	<b>848,653,120</b>	<b>821,083,619</b>

The loan agreement with Landbank (Note 12) provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting dates, all covenants and requirements are complied with except for the required financial ratio wherein the financial institution was made aware of since the Company has not yet started commercial operations.

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#### **NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company as at and for the year ended December 31, 2023, including its comparative figures as at 2022 and 2021, were approved and authorized for issuance by the Board of Directors on April 15, 2024.

## **SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR)**

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### ***Revenue Regulations (RR) 15-2010***

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the 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 during the year amounted to ₱3,292,475 for the additional availment of notes payable.

### **Taxes and licenses**

Details of the Company's other local and national taxes for the year are as follows:

	2023
Business permit	1,571,716
Documentary stamp tax	3,292,475
Real property tax	201,088
LRA assessment fee	1,819,347
Annual BIR registration fee	500
Others	531,914
	<u>7,417,040</u>

### **Withholding Taxes**

Withholding taxes paid by the Company for the year are as follows:

	2023
Expanded withholding taxes	2,868,483
Compensation withholding tax	712,078

### **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, 2023.

*RR 19-2020 and RR 34-2020*

In 2020, the Bureau of Internal Revenue (BIR) issued the foregoing Revenue Regulations for the effective implementation of Philippine Accounting Standard No. 24 (PAS 24) governing the guidelines and procedures for "transfer pricing documentations" involving related party transactions thru the submission of BIR Form No. 1709 and the supporting documents, as an attachment to the financial statements to be filed with the BIR.

The Company reported net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years, hence, meets the criteria provided by these Revenue Regulations, and accordingly, required to submit BIR Form 1709.

\* \* \*

## SCHEDULES

**ASIA PACIFIC MEDICAL CENTER – ILOILO, NC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
 As at December 31, 2023

### 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	4,998,949	N/A	71,075
Receivable - others	N/A	7,958,575	N/A	N/A
Other non-current assets*	N/A	5,015,000	N/A	N/A

\*excluding deferred tax assets

### 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			
Endure Medical, Inc.	32,079,869	-	N/A	N/A	32,079,869	N/A	32,079,869
TIPP Digital Solutions, Inc.	3,515,904	3,386,880	N/A	N/A	6,902,784	N/A	6,902,784

### 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
Non-interest-bearing Notes Payable	985,594,306	15,000,000	970,594,306

### 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
Loans payable to a related party	237,834,969	393,434,969
Accounts payable	33,589,868	45,233,526

### 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 Shares	600	600	-	-	61	-
Common Shares	234,460	239,360	-	-	61	-

**ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
**Statement of Accumulated Deficit**  
**As at December 31, 2023**

Accumulated Deficit, beginning of the year	P	(197,870,210)
Net loss incurred for the year		
Net Loss for the year		(147,332,832)
<hr/>		
<u>Accumulated Deficit, end of the year</u>	<u>P</u>	<u>(345,203,042)</u>



**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION**

As at December 31, 2023


**ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
Brgy. Ungka, Jaro Iloilo City

<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year</b>	(197,870,210)
<b>Add: Net Income (Loss) actually earned/realized during the period</b>	
Net loss during the period closed to Retained Earnings	(147,332,832)
<b>Less: Non-actual/unrealized income net of tax</b>	
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 retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-
<b>Add: Non-actual Losses</b>	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Sub-total	-
<b>Net Income (Loss) Actually Earned During the Period</b>	<b>(147,332,832)</b>
<b>Add (Less):</b>	
Dividend declarations during the period	-
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury Shares	-
Sub-total	-
<b>TOTAL RETAINED EARNINGS, END OF THE PERIOD AVAILABLE FOR DIVIDEND</b>	<b><u>(345,203,042)</u></b>

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

**ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.**  
*(Formerly: Allied Care Experts (ACE) Medical Center - Iloilo Inc.)*  
**As of December 31, 2023**

<b>Ratio</b>	<b>Formula</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b><u>Liquidity Ratios:</u></b>			
Current Ratio	Current Assets	75,653,567	74,107,196
	Current Liabilities	240,045,064	182,314,071
		<b>0.32:1</b>	<b>0.41:1</b>
Quick Ratio	Quick Assets	12,957,524	13,952,615
	Current Liabilities	240,045,064	182,314,071
		<b>0.05:1</b>	<b>0.08:1</b>
<b><u>Solvency Ratios:</u></b>			
Debt-to-Equity Ratio	Total Liabilities	1,604,074,339	1,277,897,071
	Total Equity	848,653,120	821,083,619
		<b>1.89:1</b>	<b>1.56:1</b>
Asset-to-Equity Ratio	Total Assets	2,452,727,459	2,098,980,690
	Total Equity	848,653,120	821,083,619
		<b>2.89:1</b>	<b>2.56:1</b>
<b><u>Profitability Ratios:</u></b>			
Interest Rate Coverage Ratio	Net Income (Loss) Before Interests and Taxes	(147,332,661)	(52,221,917)
	Interest Expense	36,970,036	30,288,654
		<b>-398.52%</b>	<b>-172.41%</b>
Return on Equity	Net Profit (Loss)	(147,332,661)	(52,221,917)
	Total Equity	848,653,120	821,083,619
		<b>-17.36%</b>	<b>-6.36%</b>
Return on Assets	Net Profit (Loss)	(147,332,661)	(52,221,917)
	Total Assets	2,452,727,459	2,098,980,690
		<b>-6.01%</b>	<b>-2.49%</b>
Net Profit Margin	Net Profit (Loss)	(147,332,661)	(52,221,917)
	Revenues	5,995,365	-
		<b>-2457.44%</b>	<b>N/A</b>




**Republic of the Philippines**  
**Department of Finance**  
**Bureau of Internal Revenue**

For BIR BCS/  
 Use Only Item:

**BIR Form No.**  
**1702-RT**  
 January 2018(ENCS)  
 Page 1

**Annual Income Tax Return**  
 Corporation, Partnership and Other Non-Individual  
 Taxpayer Subject Only to REGULAR Income Tax Rate  
*Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".  
 Two copies MUST be filled with the BIR and one held by the taxpayers.*



1702-RT 01/18ENCS P1

**1** For  Calendar  Fiscal  
**2** Year Ended (MM/20YY)  
 12 - December 20 23

**3** Amended Return?  
 Yes  No

**4** Short Period Return  
 Yes  No

**5** Alphanumeric Tax Code (ATC)  
 IC 055-Minimum Corporate Income Tax (MCIT)   
 IC010 - CORPORATION IN GENERAL - JAN 1, 2009

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**Part I - Background Information**

**6** Tax Identification Number (TIN) 008 - 922 - 703 - 00000

**7** RDO Code 074

**8** Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)  
 ASIA PACIFIC MEDICAL CENTER - ILOILO INC.

**9** Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)  
 BRGY. UNGKA, JARO ILOILO CITY

**9A** ZIP Code 5000

**10** Date of Incorporation/Organization (MM/DD/YYYY) 12/10/2004

**11** Contact Number 0333399991

**12** Email Address acemci.acctg@yahoo.com

**13** Method of Deductions  Itemized Deductions [Section 34 (A-J), NIRC]  Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

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**Part II - Total Tax Payable** (Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

<b>14</b> Tax Due	0
<b>15</b> Less: Total Tax Credits/Payments	0
<b>16</b> Net Tax Payable (Overpayment) (Item 14 Less Item 15)	0
Add: Penalties	
<b>17</b> Surcharge	0
<b>18</b> Interest	0
<b>19</b> Compromise	0
<b>20</b> Total Penalties (Sum of Items 17 to 19)	0
<b>21</b> TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Items 16 and 20)	0

If Overpayment, mark one(1) box only (Once the choice is made, the same is irrevocable)  
 To be refunded  To be issued a Tax Credit Certificate (TCC)  To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

Signature over Printed Name of President/Principal Officer/Authorized Representative

Signature over Printed Name of Treasurer/Assistant Treasurer

**22** Number of Attachments  
000

Title of Signatory \_\_\_\_\_ TIN \_\_\_\_\_

Title of Signatory \_\_\_\_\_ TIN \_\_\_\_\_


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**Part III - Details of Payment**


Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
<b>23</b> Cash/Bank Debit Memo				0
<b>24</b> Check				0
<b>25</b> Tax Debit Memo				0
<b>26</b> Others (Specify Below)				0

Machine Validation/Revenue Official Receipt Details [if not filed with an Authorized Agent Bank(AAB)]

Stamp of Receipt, Date and Signature of Receipt (RO's Signature/Bank Receipt Stamp)



BIR Form No. 1702-RT January 2018(ENCS) Page 2	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
<b>Taxpayer Identification Number(TIN)</b> 008 922 703 00000		<b>Registered Name</b> ASIA PACIFIC MEDICAL CENTER - ILOILO INC.
<b>Part IV - Computation of Tax</b> <small>(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</small>		
27 Sales/Revenues/Receipts/Fees	5,995,365	
28 Less: Sales Returns, Allowances and Discounts	0	
29 Net Sales/Revenues/Receipts/Fees <small>(Item 27 Less Item 28)</small>	5,995,365	
30 Less: Cost of Sales/Services	6,127,455	
31 Gross Income from Operation <small>(Item 29 less Item 30)</small>	(132,090)	
32 Add: Other Taxable Income Not Subjected to Final tax	32,953	
33 Total Taxable Income <small>(Sum of Items 31 and 32)</small>	(99,137)	
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions	147,266,857	
35 Special Allowable Itemized Deductions	0	
36 NOLCO <small>(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)</small>	0	
37 Total Deductions <small>(Sums of Items 34 to 36)</small>	147,266,857	
<b>OR [in case taxable under Sec 27(A) &amp; 28(A)(1)]</b>		
38 Optional Standard Deduction (OSD) <small>(40% of Item 33)</small>	0	
39 Net Taxable Income/(Loss) <small>If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38</small>	(147,365,994)	
40 Applicable Income Tax Rate	25 %	
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) <small>(Item 39 x Item 40)</small>	0	
42 MCIT Due <small>(2% of Item 33)</small>	0	
43 Tax Due <small>(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)</small>	0	
Less: Tax Credits/Payments(attach proof)		
44 Prior Year's Excess Credits Other Than MCIT	0	
45 Income Tax Payment under MCIT from Previous Quarter/s	0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0	
47 Excess MCIT Applied this Current Taxable Year	0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	
50 Foreign Tax Credits, if applicable	0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0	
52 Special Tax Credits	0	
Other Credits/Payments <small>(Specify)</small>		
53	0	
54	0	
55 Total Tax Credits/Payments <small>(Sum of Items 44 to 54)</small>	0	
56 Net Tax Payable (Overpayment) <small>(Item 43 Less Item 55)</small>	0	
<b>Part V - Tax Relief Availment</b>		
57 Special Allowable Itemized Deductions <small>(Item 35 of Part IV x Applicable Income Tax Rate)</small>	0	
58 Add: Special Tax Credits	0	
59 Total Tax Relief Availment <small>(Sum of Items 57 &amp; 58)</small>	0	

BIR Form No. <b>1702-RT</b> January 2018(ENCs) Page 3	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCs P3
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Taxpayer Identification Number(TIN)	Registered Name
008 922 703 00000	ASIA PACIFIC MEDICAL CENTER - ILOILO INC.

**Part VI - Schedules**


*(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

**Schedule I - Ordinary Allowable Itemized Deductions** *(Attach additional sheet/s if necessary)*

1 Amortization	0
2 Bad Debts	0
3 Charitable and Other Contributions	0
4 Depletion	0
5 Depreciation	5,394,843
6 Entertainment, Amusement and Recreation	9,612
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trusts	0
11 Rental	3,500
12 Research and Development	0
13 Salaries, Wages and Allowances	65,369,297
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	7,865,598
15 Taxes and Licenses	7,417,040
16 Transportation and Travel	305,828
<b>17 Others(Deductions Subject to Withholding Tax and Other Expenses)</b> <i>(Specify below; Add additional sheet(s), if necessary)</i>	
a Janitorial and Messengerial Services	0
b Professional Fees	1,193,873
c Security Services	3,074,911
d UTILITIES	8,323,809
e OFFICE SUPPLIES	3,501,593
f BOARD MEETING AND CONFERENCES	2,257,500
g TRAININGS AND SEMINARS	1,418,787
h REPAIR AND MAITENANCE	786,245
i OTHERS	40,344,421
<b>18 Total Ordinary Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 17i)</i>	<b>147,266,857</b>

**Schedule II - Special Allowable Itemized Deductions** *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
<b>5 Total Special Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 4)</i>		<b>0</b>

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4	
<b>Taxpayer Identification Number(TIN)</b> 008 922 703 00000		<b>Registered Name</b> ASIA PACIFIC MEDICAL CENTER - ILOILO INC.	
<b>Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)</b>			
1	Gross Income	(99,137)	
2	Less: Ordinary Allowable Itemized Deductions	147,266,857	
3	Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(147,365,994)	
<b>Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)</b> <span style="float: right; font-size: small;">(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</span>			
Net Operating Loss			
Year Incurred	A) Amount	B) NOLCO Applied Previous Year/s	
4	2023	147,365,994	
5		0	
6		0	
7		0	
Continuation of Schedule IIIA (Item numbers continue from table above)			
C) NOLCO Expired		D) NOLCO Applied Current Year	
E) Net Operating Loss (Unapplied) [ E = A Less (B + C + D)]			
4	0	0	
5	0	0	
6	0	0	
7	0	0	
8	Total NOLCO (Sum of Items 4D to 7D)		
		0	
<b>Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)</b>			
Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0
Continuation of Schedule IV (Item numbers continue from table above)			
D) Excess MCIT Applied/Used in Previous Years		E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year
G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]			
1	0	0	0
2	0	0	0
3	0	0	0
4	Total Excess MCIT Applied (Sum of Items 1F to 3F)		0
<b>Schedule V - Reconciliation of Net Income per Books Against Taxable Income</b> <span style="float: right; font-size: small;">(Attach additional sheet/s, if necessary)</span>			
1	Net Income/(Loss) per Books	(147,332,661)	
Add: Non-deductible Expenses/Taxable Other Income			
2	INTEREST EXPENSE ARBITRAGE	4,789	
3		0	
4	Total (Sum of Items 1 to 3)	(147,327,872)	
Less: A) Non-Taxable Income and Income Subjected to Final Tax			
5	UNREALIZED FOREX GAIN	18,964	
6	INTEREST INCOME SUBJECT TO FINAL TAX	19,158	
B) Special Deductions			
7		0	
8		0	
9	Total (Sum of Items 5 to 8)	38,122	
10	Net taxable Income (Loss) (Item 4 Less Item 9)	(147,365,994)	



### Summary of 2023 17-C Reports

<b>Date Reported</b>	<b>Subject</b>
January 31, 2023	Postponement of Annual Stockholder's Meeting
March 22, 2023	Postponement of Annual Stockholder's Meeting
March 27, 2023	Postponement of Hospital Inauguration
May 25, 2023	Postponement of the Commencement of Commercial Operations of the Hospital
July 5, 2023	Election of Directors and Appointment of Officers
September 1, 2023	Resignation and Appointment of Chief Finance Officer, Appointment of New Data Privacy Officer & different Key Operations Personnel
October 4, 2023	Postponement of the Commencement of Commercial Operations of the Hospital and Appointment of Surgery Department Head
November 22, 2023	Opening of the OPD of Asia Pacific Medical Center- Iloilo
December 11, 2023	Asia Pacific Medical Center- Iloilo is now open for outpatient and inpatient services to the public
December 20, 2023	Resignation of Corporate Treasurer, Appointment of New Corporate Treasurer and Key Operations Personnel