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(Company's Full Name)

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

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|-------------------|
| MA. IVY V. MALATA |
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Contact Person

| |
|-------------------------------------|
| (034) 703 1637 / +(63) 917 709 5659 |
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Company's Telephone Number

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| 1 | 2 |
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Month

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Day

Fiscal Year

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Annual Meeting

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| REGISTERED ISSUER |
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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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| N/A |
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Amended Articles Number/ Section

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| 87 |
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Total No. of Stockholders

| |
|-----|
| N/A |
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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **31 December 2022**
2. SEC Identification Number **CS201721758** 3. BIR Tax Identification No. **009-725-618-000**
4. Exact name of issuer as specified in its charter **ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. (FORMERLY ALLIED CARE EXPERTS MEDICAL CENTER – BACOLOD INC.)**
5. **Negros Occidental, Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **Room 4, Ground Floor, MC Metroplex Bldg., BS Aquino Drive, Bacolod City** **6100**
Address of principal office Postal Code
8. **09175234802 / 09171884699**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

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

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------|---|
|---------------------|---|

| | |
|---------|---------|
| Founder | 600 |
| Common | 203,950 |

The total outstanding debt of the company as of **31 December 2022** is **P353,965,200.00**

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

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

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").

| | |
|------------------------|--------------------|
| As of December 2022 | 113,760 shares |
| Last Price | Php 250,000.00 |
| Aggregate Market Value | Php 126,960,000.00 |

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 2022 (incorporated as reference for Items 7 and 12 of SEC Form 17-A

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

BUSINESS DEVELOPMENT

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. (hereinafter "APMCBI" or "The Company") is a stock corporation duly organized under the existing laws of the Republic of the Philippines and granted corporate existence by the Securities and Exchange Commission on 4 July 2017 under SEC Registration No. CS201721758.

APMCBI 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, dental, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or dental services shall be performed by duly qualified physicians or dentists who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

APMCBI is currently undertaking the construction of the Asia-Pacific Medical Center Bacolod, Inc.

To support the construction of its first project, APMCBI applied for a secondary license for the issuance of securities, SEC issued its Permit to Offer Securities on 28 March 2022 thru SEC MSRD Order No. 37 Series of 2018.

As of 31 December 2022, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by the Company is at 27.063%.

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

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

ANTICIPATED BUSINESS

It is the mission of APMCBI to set up a Level 2 Health Care facility with an organized, systematic, cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical and dental services to its clients and stakeholders.

APMCBI will accomplish its purpose by the acquisition of complete and world-class facilities, provide medical and dental specialists who are competent and fully qualified in their line of work, and have equally efficient well motivated employees and management staff.

APMCBI will be a 7-storey 248-bed capacity hospital with one (1) basement parking area with total floor area of 38,084.03 square meter constructed in a 10,000 square meter property located at Lacson St., Brgy. Bata, Bacolod City, Negros Occidental. It will provide services to residents of Bacolod City, nearby Barangays and Municipalities, the whole of Negros and the neighboring provinces which are considered its catchment areas. APMC Bacolod will be a multidisciplinary facility that will house medical and dental specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly specialists and individuals who are related to these specialists.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of APMCBI, although it is a prerequisite. Physicians and dental specialists who are subscribers to at least one (1) block or ten (10) shares of the capital stock, whether Founders 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 maybe imposed by APMCBI pursuant to its rules and duly approved resolutions. Medical and dental specialists who have been granted the right 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.

APMCBI shall assess and collect from each duly admitted medical or dental specialist who opts to maintain a clinic.

LEVEL 2 HOSPITAL

Asia-Pacific Medical Center Bacolod Inc. will be a 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 1 capacity, including, but not limited to, the following:

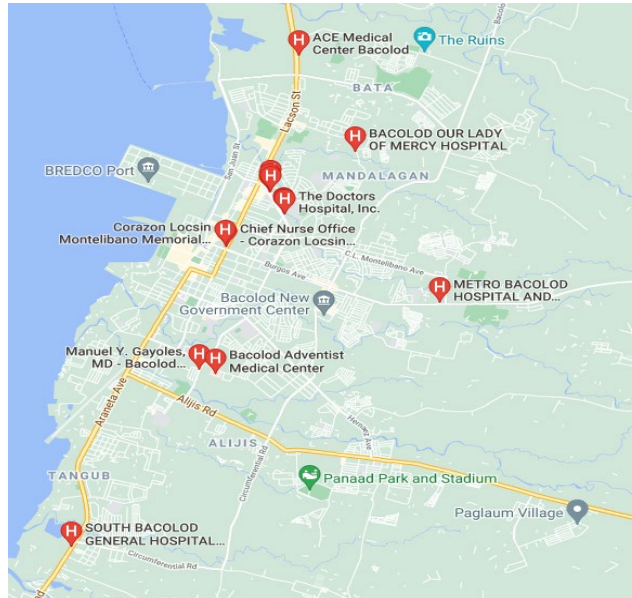
1. An organized staff of qualified and, competent personnel with Chief of Hospital/Medical Director and appropriate board-certified Clinical Department Heads.
2. Departmentalized and equipped with the service capabilities needed to support board certified/eligible medical specialists and other licensed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

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

COMPETITION

The issuer belongs to the industry which caters to the need of the public and medical, surgical and dental specialists for hospital facilities. There are no recognized trends within such an industry. The geographic area of competition is in Bacolod City, wherein the following hospitals are operating: Riverside Medical Center, Bacolod Adventist Medical Center, The Doctors' Hospital Inc., Corazon Locsin Montelibano Memorial Regional Hospital, South Bacolod General Hospital, Metro Bacolod Hospital Medical Center, and Bacolod Queen of Mercy Hospital.

| Name Of Hospital | Address | Bed Capacity | Category | Level Of Classification |
|---|---|---------------------|-----------------|--------------------------------|
| Riverside Medical Center Inc. | B.S. Aquino Drive Bacolod City, 6100 Philippines | 300 | Private | 3 |
| Bacolod Adventist Medical Center | C.V. Ramos St, Barangay Taculing, Bacolod, 6100 Negros Occidental | 170 | Private | 3 |
| The Doctors' Hospital Inc. | B.S. Aquino Drive, Bacolod, 6100 Negros Occidental | 169 | Private | 3 |
| Corazon Lacson Montelibano Memorial Regional Hospital | Lacson St, Bacolod, 6100 Negros Occidental | 1000 | Public | 3 |
| South Bacolod General Hospital | Araneta Ave, Bacolod, Negros Occidental | 100 | Private | 2 |
| Metro Bacolod Hospital Medical Center | Burgos St, Bacolod, 6100 Negros Occidental | 110 | Private | 2 |
| Bacolod Queen of Mercy Hospital | Eroreco, Mandalagan, Bacolod City, 6100 Negros Occidental | 200 | Private | 2 |



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

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

Patients will find a better ambiance APMCBI due to its carefully planned, designed, constructed hospital building. Its advantage is not simply its newly built structure but it also boasts of new facilities and equipment unlike the competitors whose structures have existed for 60 years with minimal improvement.

APMCBI will be a one-stop-shop with its latest technology, with complete laboratory and diagnostic facilities and specialized services.

Laboratory And Imaging Facilities:

- MRI
- CT Scan
- Mammogram
- 2D Echo
- Chest X-Ray
- Ultrasound
- Bone Densitometry
- Eye Center
- Wellness Center
- Aesthetic Center
- Cardiovascular & Pulmonary Center
- Kidney Transplant Center
- Neuro-laboratory
- Oncology Center and Transfusion Unit
- Nutrition and Dietetics
- High Risk Pregnancy and Infertility

SUPPLIERS AND MAJOR CONTRACTORS

APMCBI has entered into supply contracts with INOVADIS Inc. for deformed steel bars and PEB Steel Buildings Co., Ltd. for pre-engineered steel. Purchase and Supply Agreement with Prime Powers Industrial Electric Corporation for the supply of electrical materials and provider of installation services.

APMCBI also has executed Service Contract with the following providers: UNITAN Construction & Development Corporation as the General Contractor and for the basic architectural works and MEPFS; DND Atelier Inc. for Architectural Design, Interior Design, and MEPFS Bid Management however, the contract between the company and DND Atelier Inc. for the Architectural Design was terminated in 2022 and they were replaced by a new team; Bureau Veritas S.A. as the Project Management Team and for Quantity Surveyor and project planning assistance; Silver Dragon Construction for the regular bored piling works; Domber Security Agency, Inc. for the security manpower; Sophils General Merchandise (Pure 03 Philippines) for the Sewage Treatment Plant Design, Supply and Construction and Jardine Schindler Elevator Corporation for the design, manufacture, delivery and installation of elevators.

Within a few months from the commencement 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 APMCBI may source its supplies depending on its needs.

GOVERNMENT APPROVAL

APMCBI has secured the necessary permits to construct the Hospital. Other permits may be required later for its operation and shall be complied with by the Company.

| List of Permits | Date Granted |
|--|---------------------|
| Securities & Exchange Commission | July 04, 2017 |
| Bureau of Internal Revenue | July 04, 2017 |
| Department of Health – Permit to Construct | December 13, 2018 |
| Civil Aviation Authority of the Philippines (CAAP) Clearance | May 08, 2019 |
| Environmental Compliance Certificate | September 23, 2019 |
| Certificate of Zoning Compliance | April 25, 2018 |
| Fire Safety Evaluation Clearance | October 03, 2019 |
| Land Use and Zoning | May 29, 2019 |
| Line and Grade | October 29, 2019 |
| Building Permit | November 08, 2019 |
| Civil/ Structural Permit | October 29, 2019 |
| Architectural Permit | October 29, 2019 |
| Electrical Permit | October 29, 2019 |
| Sanitary/ Plumbing Permit | October 29, 2019 |
| Mechanical Permit | November 07, 2019 |
| Electronics Permit | October 29, 2019 |
| License to Operate | To be secured |
| Occupancy Permit | To be secured |

In the course of its pre-operation stage, ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. will secure permits and licenses from national and local government entities particularly the License to Operate (LTO) from the DOH, Environmental Compliance Certificate and Hazardous Waste Permit from DENR. The Building Permit and Occupancy Permit will be issued by the Bacolod City Office of the Building Official and Business Permit from BPLO of Bacolod City.

The LTO will be secured after the full construction of the Hospital and the necessary Occupancy Permit from the Building Official has been issued. The DOH will need to conduct ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. to ensure it is compliant with the standards of the Department prior to issuance of the LTO.

EMPLOYEES

Since the hospital is under construction and we see that we will be operational by 2025, the Board has not decided yet on the supplemental benefits or incentive arrangements that will be given to its employees. Below is the breakdown of the current manpower of APMCBI.

| Type of Employees | Number of Current Employees |
|--|-----------------------------|
| Executive Officers and Board Directors | 15 |
| Medical Support Staff | - |
| Administrative Staff | 8 |
| Engineering and Maintenance | - |
| Outsourced | 7 |
| Contractual | 1 |
| Total | 31 |

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

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

Medical and Dental Specialists

Medical and dental 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 Asia-Pacific Medical Center Bacolod, Inc.

The admission to the medical and dental staff roster of APMC Bacolod will be under the jurisdiction of the Credentialing and Privileging Committee.

He/She must be a graduate of an accredited training hospital and must have passed the Credentials Committee of APMC Bacolod. He/she must be in good standing with the Philippine Medical Association or Philippine Dental Association and their respective component societies. Documentary requirements to include, but not limited to, Professional Regulation Commission (PRC) license and Philippine Health Insurance Corporation (PHIC) accreditation, shall be submitted to the Credentialing and Privileging Office upon application. 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 and dental specialists may have the option to apply for a Privilege to Practice and enjoy a clinic space and time at APMC Bacolod, or practice as regular visiting medical and dental staff. Policies and procedures for acceptance to the medical and dental staff will be stated in the Manual of Policies and Procedures of the Credentialing and Privileging. Review of the medical, surgical and dental staff credentials is annually, and privileges review is every two years.

It is estimated that, Asia-Pacific Medical Center Bacolod, Inc. will have at least a total of 24 medical Specialists who will practice in its hospital. Within the next 12 months, it is expected that the Hospital will accept at least 50 more medical specialists.

| No. | Medical Specialist | Specialization |
|-----|------------------------|----------------|
| 1 | Abad, Alben Teodoro T. | Radiology |

| | | |
|----|------------------------------|--|
| 2 | Achurra, Alexander Kent T. | Surgery (Transplant, Vascular and General) |
| 3 | Balinas, Rhona T. | Anesthesiology |
| 4 | Bautista, Katheryn Kristy P. | Obstetrics And Gynecology (Ultrasonology) |
| 5 | Concel, Leopoldo M. | Internal Medicine |
| 6 | Encarnacion, Joseline C. | Internal Medicine |
| 7 | Espinosa, Wendell Z. | Internal Medicine (Gastroenterology) |
| 8 | Galve, Gregorio L | Internal Medicine (Oncology) |
| 9 | Gebusion, Anthony C. | Internal Medicine (Cardiology) |
| 10 | Germinal, Rodolfo, Jr. E. | Internal Medicine (Neurology) |
| 11 | Jalea, Ruel U. | Surgery (Oncology) |
| 12 | Jesena, Salve Regina S. | Pediatrics |
| 13 | Magallanes, Bel Manuel G. | HEENT |
| 14 | Magbanua, Ma. Leila M. | Internal Medicine (Nephrology) |
| 15 | Malata, Ma. Ivy V. | Pediatrics |
| 16 | Mallen, Andrew I. | Internal Medicine (Oncology) |
| 17 | Martyr, John Clifton U. | Internal Medicine (Pulmonology) |
| 18 | Pabicon, Olga H. | Internal Medicine (Rheumatology and Connective Tissue Diseases) |
| 19 | Pacete, Jimmy B. | General Surgery |
| 20 | Pedroza, David G. | Pathology |
| 21 | Rodrigo, Sherwin Lowe B. | Surgery (Hepatobiliary and Pancreatic, Minimally Invasive Surgery, Surgical Endoscopy) |
| 22 | Tad-y, May Claire R. | Obstetrics And Gynecology |
| 23 | Villanueva, Maria Teresa D. | Pediatrics |
| 24 | Yap, Jose Joel B. | Internal Medicine (Cardiology) |

TRADEMARKS

In 2020, the company's corporate name was changed from Allied Care Experts Medical Center – Bacolod Inc. to Asia-Pacific Medical Center Bacolod, 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 Iloilo, 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 December 29, 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

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 PhP 5 million and with total assets not exceeding PhP 100 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 APMC Bacolod will be a level 2 hospital it is qualified to avail of the tax incentives and enhanced deductions once registered and intends to commence the process in 2022 to ensure that its registration is approved prior to its operation. If registration is granted, the company will enjoy tax incentives and enhanced deductions from its taxable income.

The Data Privacy Act

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

Considering that the Company is involved in the processing of personal data, be it from investors, suppliers, employees and patients, the company appointed Mr. Ariel S. Malata as Data Protection Officer. The company is currently finalizing its Personal Data Privacy Policy. The policy provides for organizational, physical and technical security measures geared towards data protection. It likewise recognizes the rights of the data subject to information, access and rectification of his personal information. among others. It also provides for the procedure to be undertaken in the event of data breaches or security incidents. The policy further requires that all outsourcing arrangements of the group involving personal data collection be compliant with the requirements of the law.

The Universal Healthcare Act

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

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 packaged 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 in so far as private hospitals are concerned.

The Food Safety Act of 2013

The Food Safety Act of 2013 was enacted into law to strengthen the food safety regulatory system in the country. The food safety regulatory system encompasses all the regulations, food safety

standards, inspection, testing, data collection. monitoring and other activities carried out by the Department of Agriculture (the "DA") and the Department of Health (the "DOH"), their pertinent bureaus, and the local government units.

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

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

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

RA 9439

RA 9439 was enacted into law to prohibit the detention of patients in hospitals and medical clinics on grounds of non-payment of hospital bills or medical expenses.

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

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 ₱100,000.00 but not more than ₱300,000.00 or both. Higher penalties of imprisonment of four (4) to six (6) years, or a fine of not less than ₱500,000.00 but not more than ₱1,000,000.00, 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 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 APMCBI 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 citizen 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 Disable Persons

RA No. 7277, as amended by RA 9422, otherwise known as "Magna Carta for Disable Persons" provides for additional privileges to persons with disability. In particular, persons with disability are entitled to 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, APMCBI 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 drugs 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 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

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

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

The Solid Waste Management Act of 2000, with OENR Administrative Order 2011-34 as its implementing rules and regulations, sets the guidelines for solid waste reduction through sound reduction and waste minimization, including composting, recycling, re-use, recovery before collection, treatment and disposal in appropriate and environmentally sound solid waste management facilities in accordance with ecologically sustainable principles.

The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and its implementing rules and regulations, as well as OENR 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 Three Hundred Thousand Seventy Pesos (Php 300,070.00) in expenses for environmental compliance from the year 2017 to 2022. 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 establishing an internal process that would ensure efficient delivery of services.

2. CLINICAL PATIENT SAFETY

Risks associated with the delivery of care to residents, patients and other healthcare customers. Clinical risks include: failure to follow evidence-based practice, medication errors, hospital acquired conditions (HAG), 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 will be formulated by APMCBI 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 will outline 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/partnership, conflict of interest, marketing and sales, media relations, mergers, acquisitions, divestitures, joint ventures, affiliations and other business arrangements, contract administration, and advertising are other areas generally considered as potential strategic risks.

To address this risk, a Risk Manager shall be appointed by the Board of Directors as soon as practicable.

4. FINANCIAL RISK

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

The Company had secured a Loan to sustain its pre-operation expenses. It also made a call for payment of subscribed shares which were issued in 2018. It also plans to have a Comprehensive Insurance Plan for its practitioners.

5. HUMAN CAPITAL

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

ACEMBI 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.

APMCBI 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.

Item 2. Properties

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. will be a 7-storey 248-bed capacity hospital with 1 basement parking area with total floor area of 38,084.03 sq.m. constructed in a 10,000 sq.m. property located at Lacson St., Brgy. Bata, Bacolod City, Negros Occidental.

The property is covered by Transfer Certificate of Title No. 092-2018008504 and Tax Declaration No. 143-00-045-01-223 registered in the name of Allied Care Experts Medical Center – Bacolod Inc. and used as collateral for a Real Estate Mortgage with Development Bank of the Philippines.

The land described above is recorded in the books of the company at Eighty Million Two Hundred Two Thousand Five Hundred Two Pesos (P 80,202,502.00). Aside from land, the other properties acquired and owned by the company are as follows:

Since 2017 until December 31, 2022, the corporation has acquired office equipment composed of desktop and laptop computers, printers, photocopying machines, steel cabinets and office furniture amounting to Php 662,487.65 net of depreciation.

Due to the ongoing construction of the hospital, APMCBI’s construction in progress amount as recorded in the books of the company is at Five Hundred Seventy-Two Million Three Hundred Nineteen Thousand Seven Hundred Sixty-Three Pesos (P 572,319,763.00) as of December 31, 2022. This includes payment to the different services rendered and goods supplied by the contractors.

As of December 31, 2022, APMCBI have not yet acquired any medical equipment to be used for the hospital’s operations. It is estimated that the procurement of medical equipment will commence on 2024. Funds for the purchase of medical equipment will be from the loan granted by the Development Bank of the Philippines which amounts to Five Hundred Million Pesos (P 500,000,000.00), and from the sale of securities. For acquisition of some machines, APMCBI may also opt for a “tie-up” contract with suppliers, if applicable.

For the purchase of equipment abroad, APMCBI has a Bureau of Customs license to help with the importation duties.

The Total Properties and Equipment owned by the company reflected a balance of Six Hundred Fifty-Two Million Eight Hundred Ten Thousand Five Hundred Ninety-Seven Pesos (P652,810,597.00) at the end of the year (Net of depreciation) and broken down as follows:

| | |
|--------------------------|----------------|
| Land | 80,202,502.00 |
| Office Equipment (net) | 662,487.65 |
| Construction in Progress | 572,319,763.00 |

Item 3. Legal Proceedings

LEGAL PROCEEDINGS OF COMPANY, ITS SUBSIDIARIES AND/OR AFFILIATES

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

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

- (a) Due to concerns about the residual effects of the COVID-19 pandemic, the 2022 Annual Stockholders’ Meeting of the company was held on 14 August 2022 via remote communication.
- (b) In the Election of the 2022 Board of Directors, the following were elected:

| NAMES | AGE | CITIZENSHIP |
|------------------------------|------------|--------------------|
| Dr. Alben Teodoro T. Abad* | 40 | Filipino |
| Dr. Ferjenel G. Biron | 57 | Filipino |
| Dr. Rhona T. Balinas | 63 | Filipino |
| Dr. Joseline C. Encarnacion* | 64 | Filipino |
| Dr. Wendell Z. Espinosa | 45 | Filipino |

| | | |
|------------------------------|----|----------|
| Dr. Anthony C. Gebusion | 56 | Filipino |
| Dr. Meride D. Lavilla | 59 | Filipino |
| Dr. Bel Manuel G. Magallanes | 52 | Filipino |
| Dr. Ma. Leila M. Magbanua | 59 | Filipino |
| Dr. Ma. Ivy V. Malata | 57 | Filipino |
| Dr. John Clifton U. Martyr* | 54 | Filipino |
| Dr. Olga H. Pabicon | 59 | Filipino |
| Dr. Olga H. Pabicon | 59 | Filipino |
| Dr. Danilo C. Regozo | 59 | Filipino |
| Dr. May Claire R. Tad-y | 60 | Filipino |

* *Independent Director*

All were re-elected as Directors and Independent Directors except for the first time Directors, Dr. Wendell Z. Espinosa and Dr. Anthony C. Gebusion.

- (c) The following matters also formed part of the agenda and were submitted to the vote of the stockholders owning 97.17% present in absentia.

1. Approval of Minutes of the 2021 Annual Stockholders' Meeting

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,554 | 99.99% |
| AGAINST | 0 | 0% |
| ABSTAIN | 10 | 0.005% |

2. Presentation of the Chairman's Message and the Audio-Visual Presentation of the Hospital

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

3. Presentation of the Management Report

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

4. Amendment of Articles of Incorporation

Article III – Change of Place of Business

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,554 | 99.99% |
| AGAINST | 0 | 0% |
| ABSTAIN | 10 | 0.005% |

5. Amendment of By-Laws

Article II Section 7 – Manner of Voting on the deadline of submission of proxies from seven (7) days to fourteen (14) days and Second Saturday of April to Third Saturday of March.

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

Article VI Section 1 – Change of the Office Address

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

6. Ratification of the Acts of the Board and Management

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

7. Appointment of External Auditor

| VOTE | Number of Votes (One Share-One vote) | Percentages of shares represented |
|---------|---|--------------------------------------|
| FOR | 201,564 | 100% |
| AGAINST | 0 | 0% |
| ABSTAIN | 0 | 0% |

8. Election of Directors: Tabulation of Votes for Nominees

| NOMINEES | VOTES GARNERED |
|-----------------------------|----------------|
| 1. Ferjanel G. Biron | 644,941 |
| 2. Danilo C. Regozo | 325,480 |
| 3. Jimmy B. Pacete | 181,561 |
| 4. Ma. Ivy V. Malata | 154,492 |
| 5. Meride D. Lavilla | 154,421 |
| 6. Olga H. Pabicon | 148,492 |
| 7. Ma. Leila M. Magbanua | 146,561 |
| 8. Rhona T. Balinas | 146,492 |
| 9. Bel Manuel G. Magallanes | 145,461 |
| 10. May Claire R. Tad-Y | 143,561 |
| 11. Anthony C. Gebusion | 143,480 |
| 12. Wendell Z. Espinosa | 142,399 |
| 13. Joseline C. Encarnacion | 144,560 |
| 14. Alben Teodoro T. Abad | 143,461 |

| | |
|----------------------------|---------|
| 15. John Clifton U. Martyr | 141,560 |
|----------------------------|---------|

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

A. MARKET INFORMATION

The Company will market and offer the securities through hospital employees who are well versed with Hospital operations who have been designated as salesmen⁵. These organic employees are well aware of the mission and vision of the hospital and are accustomed 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 and dental specialists and prospective investors to consider the offer. The Company will greatly rely on these organic salesmen 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 as the shares are sold over-the-counter.

APMC Bacolod, Inc. is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

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

The breakdown of the Offer Price is presented as follows:

| Series | Number of Blocks of Common Shares | Maximum Proposed Selling Price per Block |
|-----------------|-----------------------------------|--|
| 1 st | 2,400 blocks | P250,000.00 per block |
| 2 nd | 800 blocks | P300,000.00 per block |
| 3 rd | 400 blocks | P400,000.00 per block |

Fifty-Five (55) blocks of the first series had been sold at the price of Php 250,000.00 per block as of December 31, 2022. The second series of Eight Hundred (800) blocks and the third series of Four Hundred (400) blocks will be sold thereafter. The offered shares are not listed in the Exchange and are issued over the counter only through the Company's employees, acting as sales persons as reflected in its Registration Statement.

The 3,600 blocks will be offered to the public, and 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 Bacolod, Inc. Other purchasers may be non-medical specialists who are related to medical specialists and those who intend to purchase the shares purely for investment purposes.

B. HOLDERS

There are approximately Thirty-Five (35) holders of Founder Shares and Fifty-Two (52) holders of Common Shares of the company as of 31 December 2022.

Dr. Ferjanel G. Biron is the only record and/or beneficial owner of more than 5% of any class of registrant's voting securities as of 31 December, 2022.

| Class | Names / Address of Record Owner | Name of Beneficial Owner/Relationship with Record Owner | Citizenship | Number of Shares Held | % to Total Outstanding Shares |
|-----------------------|--|---|-------------|-----------------------|-------------------------------|
| Common Founder | Biron, Ferjnel G. /82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City | Biron, Ferjnel G. / Record Owner is also Beneficial Owner | Filipino | 66,184 128 | 32.51% |

The following founders are the top 20 stockholders of record and/or beneficial owners as of 31 December 2022:

| STOCKHOLDERS | NATIONALITY | NUMBER OF SHARES | PERCENTAGE OF OWNERSHIP |
|--------------------------------|-------------|------------------------------|-------------------------|
| 1 BIRON, FERJNEL G. | FILIPINO | COMMON 66,184 FOUNDER 128 | 32.54% 21.33% |
| 2 REGOZO, DANILO C. | FILIPINO | COMMON 5986 FOUNDER 20 | 2.94% 3.33% |
| 3 LAVALLE, AMADO JR. M. | FILIPINO | COMMON 4984 FOUNDER 20 | 2.45% 3.33% |
| 4 MAGBANUA, MA. LEILA M. | FILIPINO | COMMON 4917 FOUNDER 16 | 2.42% 2.67% |
| 5 MAGALLANES, BEL MANUEL G. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.42% 2.33% |
| 6 MALATA, MA. IVY V. | FILIPINO | COMMON 4915 FOUNDER 16 | 2.42% 2.67% |
| 7 PABICON, OLGA H. | FILIPINO | COMMON 4915 FOUNDER 16 | 2.42% 2.67% |
| 8 PACETE, JIMMY B. | FILIPINO | COMMON 4915 FOUNDER 16 | 2.42% 2.67% |
| 9 PEDROZA, DAVID G. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.42% 2.33% |
| 10 TAD-Y, MAY CLAIRE R. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.47% 2.33% |
| 11 RODRIGO, SHERWIN LOWE B. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.47% 2.33% |
| 12 BALINAS, RHONA T. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.47% 2.33% |
| 13 ACHURRA, ALEXANDER KENT T. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.42% 2.33% |
| 14 VILLANUEVA, MARIA TERESA D. | FILIPINO | COMMON 4917 FOUNDER 14 | 2.42% 2.33% |
| 15 ESPINOSA, WENDELL Z. | FILIPINO | COMMON 4916 FOUNDER 14 | 2.42% 2.33% |
| 16 GALVE, GREGORIO L. | FILIPINO | COMMON 4917 | 2.42% |

| | | | | | |
|----|--------------------------|----------|---------|-------|-------|
| | | FOUNDER | 14 | 2.33% | |
| 17 | GEBUSION, ANTHONY C. | FILIPINO | COMMON | 4917 | 2.42% |
| | | | FOUNDER | 14 | 2.33% |
| 18 | GERMINAL, RODOLFO JR. F. | FILIPINO | COMMON | 4917 | 2.42% |
| | | | FOUNDER | 14 | 2.33% |
| 19 | JALEA, RUEL U. | FILIPINO | COMMON | 4917 | 2.42% |
| | | | FOUNDER | 14 | 2.33% |
| 20 | JESENA, SALVE REGINA S. | FILIPINO | COMMON | 4917 | 2.42% |
| | | | FOUNDER | 14 | 2.33% |

C. DIVIDENDS

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

D. RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

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

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

(1) PLAN OF OPERATION

The company has no revenue in the past four fiscal years because it is still in the construction phase. There were construction and engineering modifications done in the design plans of the building for pandemic preparedness and to provide more ideal services once it will be operational. The construction may have slowed down, but it has never totally stopped. The target completion date of the building will be in the second quarter of 2024.

The Company has secured three (3) term loans from the Development Bank of the Philippines on August 11, 2021. The total principal amount is One Billion Six Hundred Eighty-Eight Million Eight Hundred Thousand Pesos (P 1,688,800,000.00).

The first loan is a 13-year term loan of One Billion One Hundred Eighty-Eight Million Eight Hundred Thousand Pesos (P1,188,800,000.00) for the construction of the Main Hospital Building and its foundation.

The second loan is a 5-year term loan of One Hundred Forty-Six Million Pesos (P 146,000,000.00) for the acquisition of medical instruments, furniture and appliances.

The third is an Omnibus Facility to be available via (1) 10-year term loan with sublimit of Three Hundred Fifty-Four Million Pesos (P 354,000,000.00) and (2) Import and/or Domestic Letter of Credit via Sight for Usance to be drawn from the proposed 10-year term loan. The intended use of this loan is for acquisition of equipment.

(2) MANAGEMENT'S DISCUSSION AND ANALYSIS

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

| | For the year ended | | Horizontal Analysis | | Vertical Analysis | |
|---------|--------------------|-------------------|---------------------|---|-------------------|------|
| | December 31, 2022 | December 31, 2021 | Inc. (Dec) | % | 2022 | 2021 |
| Revenue | | | | | n/a | n/a |

| | | | | | | |
|---------------------------------------|-----------------|----------------|-----------------|-------|-----|-----|
| Direct Costs | | | | | n/a | n/a |
| Gross Profit | | | | | n/a | n/a |
| Other Income | 104,300.00 | 514,903.00 | (410,603.00) | (80%) | n/a | n/a |
| Gross Income | 104,300.00 | 514,903.00 | (410,603.00) | (80%) | n/a | n/a |
| General and administrative expenses | (32,495,898.00) | (7,326,232.00) | (25,169,666.00) | 344% | n/a | n/a |
| Loss from operations | (32,391,598.00) | (6,811,329.00) | (25,580,269.00) | 376% | n/a | n/a |
| Income tax expense | (49.00) | (1,808.00) | 1,759.00 | (97%) | n/a | n/a |
| Net loss for the period | (32,391,647.00) | (6,813,137.00) | (25,578,510.00) | 375% | n/a | n/a |
| Add (deduct) comp income (loss) | | | | | n/a | n/a |
| Net comprehensive loss for the period | (32,391,647.00) | (6,813,137.00) | (25,578,510.00) | 375% | n/a | n/a |

Other Income

Other income during the period December 31, 2022 is lower than December 31, 2021 by 80%. The decrease is due to the termination of some time deposits and decrease in the bank interest rates in 2021.

General and Administrative Expenses

General and administrative expenses during December 31, 2022 is higher than December 31, 2021 by 344%. This is due to the increase in the executive compensation and per diems of directors.

Loss for the Period

Loss for the period December 31, 2022 is higher than in the same period on December 31, 2021 by 375%. This is due to the non-operational status of the Company. There is still no income to sustain the expenses.

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

| | December 31, 2022 | December 31, 2021 | Horizontal Analysis | | Vertical Analysis | |
|-----------------------------|-------------------|-------------------|---------------------|-------|-------------------|------|
| | | | Inc. (Dec) | % | 2022 | 2021 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 89,957,922.00 | 22,326,536.00 | 67,631,386.00 | 303% | 11% | 6% |
| Advances to a related party | 622,067.00 | 164,867.00 | 457,200.00 | 277% | 0% | 0% |
| Advances to Contractors | 32,788,211.00 | 55,941,787.00 | (23,153,576.00) | (41%) | 4% | 15% |
| Input VAT | 25,219,111.00 | 13,750,537.00 | 11,468,574.00 | 83% | 3% | 4% |
| Other current assets | 1,182,014.00 | 364,619.00 | 817,395.00 | 224% | 0% | 0% |
| | 149,769,325.00 | 92,548,346.00 | 57,220,979.00 | 62% | 19% | 25% |
| Noncurrent Assets | | | | | | |

| | | | | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-------------|-------------|-------------|
| Property, Plant and Equipment (net) | 652,810,597.00 | 284,645,878.00 | 368,164,719.00 | 129% | 81% | 75% |
| Security Deposit | 45,466.00 | 45,466.00 | - | 0% | 0% | 0% |
| | 652,856,063.00 | 284,691,344.00 | 368,164,719.00 | 129% | 81% | 75% |
| Total Assets | 802,625,388.00 | 377,239,690.00 | 425,385,698.00 | 113% | 100% | 100% |
| LIABILITIES AND EQUITY | | | | | | |
| Trade and other payables | 30,960,703.00 | 14,694,720.00 | 16,265,983.00 | 111% | 4% | 4% |
| Retention Payable | 43,936,332.00 | 8,945,544.00 | 34,990,788.00 | 391% | 5% | 2% |
| Income tax payable | 49.00 | 1,808.00 | (1,759.00) | (97%) | 0% | 0% |
| Deposit for future share subscription | | | - | | 0% | 0% |
| Advances to Shareholders | 165,624,718.00 | 218,218,718.00 | (52,594,000.00) | (24%) | 21% | 58% |
| | 240,521,802.00 | 241,860,790.00 | (1,338,988.00) | (1%) | 30% | 64% |
| Noncurrent Liability | | | | | | |
| Loans Payable | 356,640,000.00 | | 356,640,000.00 | 0% | 44% | 0% |
| Total Liabilities | 597,161,802.00 | 241,860,790.00 | 355,301,012.00 | 147% | 74% | 64% |
| Equity | | | | | | |
| Share Capital | 185,594,626.00 | 161,878,533.00 | 23,716,093.00 | 14% | 23% | 43% |
| Additional Paid in Capital | 78,760,240.00 | | 78,760,240.00 | 0% | 9% | 0% |
| Deficit | (58,891,280.00) | (26,499,633.00) | (32,391,647.00) | 122% | (7%) | (7%) |
| | 205,463,586.00 | 135,378,900.00 | 70,084,686.00 | 52% | 26% | 36% |
| Total Liabilities and Equity | 802,625,388.00 | 377,239,690.00 | 425,385,698.00 | 113% | 100% | 100% |

Total Assets

Total assets increased from P377.2 million to 802.6 million, a 113% increase from December 31, 2021 to December 31, 2022. The increase was primarily due to the increase in property, plant, and equipment.

Cash and cash equivalents

Cash and cash equivalents increased by P67.6 million (303%), as a result of the first tranche of loan granted by the Development Bank of the Philippines (DBP).

Advances to a related party

The advances to a related party increased by P457,200.00 (277%) from P164,867.00 in December 31, 2021 to P622,067.00 in December 31, 2022. This represents the payable of Asia-Pacific Medical Center Iloilo to Asia-Pacific Medical Center Bacolod for the salary of Engr. Gilbert Macarimbang as it was agreed by both parties that APMC Bacolod pays for the salary of Engr. Macarimbang for his services for APMC Iloilo from November 2021 to June 2022.

Advances to Contractors

The advances to contractors decreased by P23.1 million or 41% from December 31, 2021 to December 31, 2022. The amount in 2022 is the remaining recoupment from the down payment of the contractors.

Input VAT

The input VAT increased by P11.4 million (83%) from P13.7 million in December 31, 2021 to P25.2 million in December 31, 2022. This is the result of the increase in construction expenses.

Other current assets

An increase in the other current assets by 224% from the period December 31, 2021 to the current period of December 31, 2022.

Property, Plant, and Equipment

The property, plant, and equipment account increased by 129% from P284.6 million in December 31, 2021 to P652.8 million in December 31, 2022 because there were more construction expenses during the year.

Total Liabilities

The total liabilities increased by 147% for the period December 31, 2022 due to the availment of loan, increase in the trade and other payables and the retention payable.

Trade and other payables

Trade and other payables increased by 111% or P16.2 million from December 31, 2021 to December 31, 2022. The increase was a result of the compensation and per diems of the directors.

Retention Payable

Retention payable increased to P43.9 million from P8.9 million in December 31, 2021. This was due to the increase in construction expenses in 2022.

Income Tax Payable

In 2022, the company has unpaid income tax.

Advances to Shareholders

A decrease in the advances to shareholders by P52.5 million or 24% from December 31, 2021 to December 31, 2022 was recorded since the company started to pay off the founding doctors for the amounts they were owed.

Loans Payable

In 2022, the first tranche of the loan was released to APMC Bacolod in the amount of P365.6 million.

Total Equity

There is an increase in the total equity of the company from December 31, 2021 to December 31, 2022. The increase amounted to P70 million or 52% of the previous year.

Share Capital

There is an increase of P23.7 million or 14% in the share capital from P161.8 million in December 31, 2021 to P185.5 million in December 31, 2022. The company has started to sell its Initial Public Offering (IPO) last March 28, 2022.

Additional Paid-in Capital

The additional paid-in capital of the investors from the purchase of IPO shares amounted to P78.7 million in 2022.

Key Performance Indicators (KPIs)

Liquidity Ratios

| | 2022 | 2021 |
|-------------------|-------------|-------------|
| Quick Asset Ratio | 0.38: 1 | 0.09 : 1 |

The company has a low quick asset ratio for the years 2022 and 2021 which shows that it could not pay off its short-term obligations with its most liquid assets. This is because most of its cash is allocated to the expenses of the construction.

| | 2022 | 2021 |
|---------------------|-------------|-------------|
| Current Asset Ratio | 0.62 : 1 | 0.38 : 1 |

The current assets of the company are being utilized for the construction of the hospital which results to a low current asset ratio for 2022 and for 2021, respectively. It is expected to increase as soon as the hospital starts its operations in 2025.

Solvency Ratios

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| Debt to Equity Ratio | 1.74 : 1 | 0 : 1 |

The debt-to-equity ratio for 2022 shows that the company uses its loan to finance the pre-operating expenses more than its equity. Moreover, the company has started to sell its shares to the public in 2022. The company is positive that the next year's debt-to-equity ratio will improve because more shares will be sold during that time.

Profitability Ratios

| | 2022 | 2021 |
|-------------------|-------------|-------------|
| Net Profit Margin | N/A | 0 : 1 |

The hospital is not yet operational. Data is not yet available.

| | 2022 | 2021 |
|------------------|-------------|-------------|
| Return on Equity | N/A | 0 : 1 |

The hospital is not yet operational. Data is not yet available.

Leverage Ratios

| | 2022 | 2021 |
|---------------------------|-------------|-------------|
| Debt to Total Asset Ratio | 0.44 : 1 | 0 : 1 |

Since the construction of the hospital is ongoing, the construction in progress account of the company increases as well. In addition, this is where most of the company's resources go. The ratio in 2022 conveys that the company has more assets than its debt.

| | 2022 | 2021 |
|-----------------------|-------------|-------------|
| Asset to Equity Ratio | 3.91 : 1 | 2.79 : 1 |

The company has more assets than its equity for both years due to the ongoing construction of the hospital. The company is also selling its IPO shares which could mean an improvement for these ratios in the next financial statements.

| | 2022 | 2021 |
|------------------------------|-------------|-------------|
| Interest Rate Coverage Ratio | N/A | N/A |

The hospital is not yet operational. Data is not yet available.

As of December 31, 2022

1. The company has not been involved in any legal proceedings, tax, and/or regulatory assessments.
2. There has been no off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

3. On March 28, 2022, the SEC approved the permit to offer securities for sale. This permit enabled the company to gain additional capital to finance the construction of the hospital through the sale of the initial public offering (IPO).
4. The company was able to avail the first tranche of the loan amounting to P356,640,000.00 last June of 2022 from the Development Bank of the Philippines.
5. There are no seasonal aspects that had material impact on the results of operations of the company.
6. There are no events nor any default acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the company.
7. The company has no investments on foreign securities.

December 31, 2022 compared to December 31, 2021

1. The SEC approved the increase in the capitalization of the company from P120,000,000.00 to P240,000,000.00 in September 2021.

Item 7. Financial Statements

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

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

Mendoza Querido and Company CPAs (MQC) is the current independent Auditor of APMCBI. APMCBI has been its Auditor since 2018. The signing partner of MQC is Mr. Richard S. Querido from 2018 to 2022.

However, for the interim financial statements for the period ended June 2020, the Company's independent Auditor was MG Madrid. The signing partner of MG Madrid was Mr. Mario G. Madrid, Jr. The company diverted back MQC for the yearend audit of December 31, 2020.

There were no disagreements with Mendoza Querido and Company CPAs for years 2022, 2021, 2020, 2019 and 2018 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope and procedures.

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

EXTERNAL AUDIT FEES

Audit and Audit Related Fees

The Aggregate Fees Billed Are Shown Below:

Fees approved in connection with the assurance rendered by Mendoza Querido Co. pursuant to the regulatory and statutory requirements for the years ended, December 31, 2022 amount to Php 524,160.00 inclusive of 12% VAT, December 31, 2021 amount to Php 336,000.00 inclusive of 12% VAT, December 31, 2020 amount to Php 336,000.00 inclusive of 12% VAT, and December 31, 2019 amount to Php 342,900.00 inclusive of 12% VAT and out-of-pocket expenses amount to 6,900.00. These expenses include printing, and travel allowances for auditors.

| Year | 2022 | 2021 | 2020 | 2019 |
|------------|------------|------------|------------|------------|
| Audit Fees | 524,160.00 | 336,000.00 | 336,000.00 | 336,000.00 |

| | | | | |
|----------------|--|--|--|----------|
| Tax Fees | | | | |
| All other fees | | | | 6,900.00 |

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

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

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

| Name | Age | Position | Citizenship | Period during which individual has served as such |
|------------------------------|-----|--|-------------|---|
| Dr. Ferjenel G. Biron | 57 | Chairman / Director | Filipino | 2017 to present |
| Dr. Ma. Leila M. Magbanua | 52 | President / Director | Filipino | 2017 to present |
| Dr. Bel Manuel G. Magallanes | 59 | Vice Chairman / Director | Filipino | 2019-2021(I.D); 2021 to present |
| Dr. Danilo C. Regozo | 59 | Executive Vice President / Director | Filipino | 2017 to present |
| Dr. Ma. Ivy V. Malata | 57 | Corporate Secretary / Director | Filipino | 2017 to present |
| Dr. Olga H. Pabicon | 59 | Corporate Treasurer / Director | Filipino | 2020 to present |
| Dr. May Claire R. Tad-y | 60 | Assistant Corporate Secretary / Director | Filipino | 2017 to present |
| Dr. Rhona T. Balinas | 63 | Assistant Corporate Treasurer / Director | Filipino | 2017 to present |
| Dr. Wendell Z. Espinosa | 45 | Director | Filipino | 2022 to present |
| Dr. Anthony C. Gebusion | 56 | Director | Filipino | 2022 to present |
| Dr. Meride D. Lavilla | 59 | Director | Filipino | 2017 to present |
| Dr. Jimmy B. Pacete | 62 | Director | Filipino | 2019-2021 (I.D); 2021 to present |
| Dr. Alben Teodoro T. Abad | 40 | Independent Director | Filipino | 2021 to present |
| Dr. Joseline C. Encarnacion | 64 | Independent Director | Filipino | 2021 to present |
| Dr. John Clifton U. Martyr | 54 | Independent Director | Filipino | 2021 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 Bacolod, Inc. held on 14 August 2022. During the Organizational Meeting on the same day, Dr. Ma. Leila M. Magbanua was elected as President, Dr. Olga H. Pabicon as Corporate Treasurer and Dr. May Claire R. Tad-y as Assistant Corporate Secretary. The newly elected directors of the company were Dr. Wendell Z. Espinosa and Dr. Anthony C. Gebusion while Dr. Meride D. Lavilla and Dr. Jimmy B. Pacete retained their positions as directors. Moreover, Dr. Alben Teodoro T. Abad, Dr. Joseline C. Encarnacion, and Dr. John Clifton U. Martyr also retained their position as Independent Directors of the company.

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

Ferjenel G. Biron, M.D

Director / Chairman

Dr. Biron is the Chairman of the Asia-Pacific Medical Center (APMC) group of hospitals 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 is also the Founding President of the said hospitals and served in that capacity until June 2020 in APMC Aklan and August 2021 in APMC Iloilo and August 2022 in APMC Bacolod.

He is also the Founding President and CEO of Phil Pharmawealth Inc. until 2004 and President of Endure Medical Inc. in 2020-2021. He is also the current President of Aesthetica Manila, Inc., and Smartlab Diagnostics, Inc. and the Chairman of Botikang Pinoy, Inc. and Super BP Mart Corporation. He is currently the Congressman of the Fourth (4th) District of Iloilo.

He is a member of the Board of Directors of Allied Care Experts (ACE) Medical Center – Butuan Inc., Allied Care Experts (ACE) Medical Center – GENSAN Inc. and Allied Care Experts (ACE) Medical Center – Cagayan de Oro, Inc. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College. He also took a course in Master in Business Economics from the University of Asia and the Pacific.

As one of the Directors of the Company, he attended the Corporate Governance Training conducted by PWC/Isla Lipana on 14 May 2021 and the Master class in Complete Staff Work conducted by the Center for Global Best Practices on September 15-17, 2021 and September 20-22, 2021. He also recently attended the Family Business Governance training of the Institute of Corporate Directors last March 17-18, 2023.

Ma. Leila M. Magbanua, M.D

Director / President

Dr. Magbanua is the President of Asia-Pacific Medical Center Bacolod, Inc. since August 2022. She was the Corporate Treasurer of the Corporation since September 10, 2017 until August 14, 2022.

She was the Vice President of Premier Nephro Care Systems, Inc. from 2018 to 2021, Metro Bacolod Kidney Center, Inc. from 2014 to 2021, and Nephroprime Corporation from 2018 to 2020. She also became the President of Nephroprime Corporation from 2020 to 2021. She graduated with a bachelor's degree in Biology at the University of the Philippines- Diliman in 1983 and she completed her medical degree at West Visayas State University in 1987 and her post-graduate internship at Riverside Medical Center in 1988. She also completed her subspecialty training on Nephrology at the Philippine General Hospital – University of the Philippines in 1993. 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 free Masterclass conducted by the Institute of Corporate Directors (ICD) on June 24, 2022 and the five-modules Professional Directorship Program on August 24 and 25, 2022, September 8-9, 14-15, 21-22, 28-29, 2022. She also attended the webinar on Financial and Operational Budgeting on September 6 and 7, 2022 conducted by the Center for Global Best Practices.

Bel Manuel G. Magallanes, M.D

Director / Vice Chairman

Dr. Magallanes is the Vice Chairman of Asia-Pacific Medical Center Bacolod, Inc. since July 2021. He was an independent director of the Company on May 2019 until August 2020.

He was also the Chapter President of the Philippine Society Otolaryngology Head and Neck Surgery in Western Visayas from 2016 to 2017 and became a Board of Trustees on 2018. He graduated Bachelor of Science in BS Biology on 1991 at West Visayas State University. Then, he took up medicine at the University of Philippines College of Medicine in 1996 and had his post-graduate internship at Philippine General Hospital University of the Philippines in the same year. His residency training was completed at Corazon Locsin Montelibano Memorial Regional Hospital in 2005. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Directors of the Company, he attended the webinar on Risk Management in the Age of COVID-19 conducted by the Institute of Corporate Directors on June 16 and 17, 2022. He also attended a webinar on Digital Record Governance and Management conducted by Center for Global Best Practices on July 19 to 21, 2022.

Danilo C. Regozo, M.D

Director / Vice President

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

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

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

Ma. Ivy V. Malata, M.D

Director / Corporate Secretary

Dr. Malata is the Corporate Secretary and Director of the Corporation since 2017.

She was the President of the Philippine Medical Women's Association from 2016 to 2020. She was also the Secretary of the Philippine Medical Association- Canlaon Medical Society Province of Negros Occidental from 2015 to 2016 and 2017 to 2018, the Auditor from 2016 to 2017, Treasurer from 2018 to 2019, and President from 2019 to 2020. Dr. Malata had her bachelor's degree in Biological Science at West Visayas State University on 1984 and completed her medical degree in 1990 in the same school. She had her post-graduate internship at Corazon Locsin Montelibano Memorial Regional Hospital in 1991. She also completed her residency training at The Doctors' Hospital, Inc. from 1997 to 1999. Moreover, she took bachelor's degree in Nursing and graduated in 2005 from Central Philippine Adventist College. Presently, she is writing her thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Directors of the Company, she had attended the webinar conducted by the Institute of Corporate Directors (ICD) on Corporate Secretary as Corporate Governance Professional on June 16 and 17, 2022 and the ICD Masterclass on June 24, 2022.

Olga H. Pabicon, M.D
Director / Corporate Treasurer

Dr. Pabicon is the Corporate Treasurer of the Corporation since August 2022 and a Director since August 2020.

Dr. Pabicon is a diplomate and fellow of the Philippine College of Physician and Philippine Rheumatology Association. She graduated with a bachelor's degree in Biology at the University of St. La Salle in 1983 and completed her medical degree at Iloilo Doctors' Hospital College of Medicine in 1987. She had her post-graduate internship at Corazon Locsin Montelibano Regional Hospital in 1988 and completed her residency training at The Doctors' Hospital, Inc. in 1992. She also completed her subspecialty training in Rheumatology and Clinical Immunology at University of Santo Tomas Hospital in 1995. 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 webinar on Financial and Operational Budgeting conducted by the Center for Global Best Practices on September 6 and 7, 2022.

May Claire R. Tad-y, M.D
Director / Assistant Corporate Secretary

Dr. Tad-y is the Assistant Corporate Secretary of the Company since August 2022 and a Director since 2021.

She is a member of Negros Occidental Medical Society, Inc. and a fellow of the International College of Surgeons. Dr. Tad-y graduated with a bachelor's degree in Medical Technology at Central Philippines University in 1984 and completed her medical degree at Iloilo Doctors' College of Medicine in 1989. Her post-graduate internship was completed in 1990 at Corazon Locsin Montelibano Memorial Regional Hospital. She also had her residency training at The Doctors' Hospital, Inc. in 1993. Moreover, she finished her subspecialty training on Obstetrics and Gynecology at St. Luke's Medical Center in 1998. 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 webinar on Roles, Responsibilities and Liabilities of Board of Directors conducted by the Center for Global Best Practices in November 19, 2021.

Rhona T. Balinas, M.D
Director / Assistant Corporate Treasurer

Dr. Balinas is the Assistant Corporate Treasurer of the Company since 2021 and was the Assistant Corporate Secretary from 2017 to 2020.

She is currently a professor in University of St. La Salle since 2007 and in University of Negros Occidental- Recoletos since 1988. She was also the President of the Philippine Society of Anesthesiologist. She graduated at the University of Negros Occidental – Recoletos with a bachelor's degree in General Science in 1979. She completed her medical degree at Cebu Institute of Medicine in 1984, her post-graduate internship at St. Joseph Hospital in 1985 and her residency training at Corazon Locsin Montelibano Memorial Regional Hospital from 1994 to 1997. She also completed her Masteral in Hospital Administration at Cebu Doctors' University in 2021.

As one of the Directors of the Company, she attended the Risk Management in the Age of COVID-19 webinar conducted by the Institute of Corporate Directors in April 28, 2022 and the ICD Masterclass in June 24, 2022.

Wendell Z. Espinosa, M.D

Director

Dr. Espinosa is one of the Board of Directors of the Corporation since August 2022.

He is presently the Vice President of Hepatology Society of Philippines since 2016 and a consultant for thirteen years. He graduated with a bachelor's degree in Medical Technology at University of Negros Occidental- Recoletos in 1997 and completed his medical degree in 2022 at West Visayas State University. He completed his post-graduate internship at Corazon Locsin Montelibano Memorial Regional Hospital in 2002 and finished his residency training in 2006 at Dr. Pablo O. Torre Memorial Hospital. Moreover, He completed his subspecialty training in Gastroenterology in 2009 at the University of the Philippines – Philippine General Hospital. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

Anthony C. Gebusion, M.D

Director

Dr. Gebusion is one of the Board of Directors of the Corporation since August 2022.

He is a diplomate and fellow of the Philippine College of Physicians and Philippine College of Cardiology and a fellow of the Philippine Society of Vascular Medicine. He is also an owner of Poultry Contract Grower and part owner of Sugarcane Farmer. He completed his bachelor's degree in Medical Technology in 1987 and his medical degree in 1991 at the University of Santo Tomas. He had his post-graduate internship at Veterans Memorial Medical Center in the year 1991 to 1992. Moreover, he completed his residency training in 2002 at Perpetual Succour Hospital. He completed his subspecialty training in Medical Cardiology in 2001 and in Vascular Medicine in 2002. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

Meride D. Lavilla, M.D

Director

Dr. Lavilla is one of the Board of Directors of the Corporation since it was incorporated in 2017. She was the Assistant Corporate Treasurer of the Corporation from 2017 to 2021 and the Assistant Corporate Secretary in the year 2021 to 2022.

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

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

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

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

Jimmy B. Pacete, M.D

Director

Dr. Pacete is one of the Board of Directors of the Corporation. He was the Independent Director of the Corporation from 2019 until 2021. The following year, he became one of the regular board directors and the chairman of the construction management team.

He is an accredited health care provider of Intellicare and Caritas. He completed his bachelor of arts in Pre-Medicine in 1981 and his medical degree in 1986 at the Divine Word University College of Medicine. He had his post-graduate internship at Corazon Locsin Montelibano Memorial Regional Hospital in the year 1986 to 1987 and he also completed his residency training in General Surgery in the same hospital. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College, "Lifestyle Practices Among Patients at Pacete Medical Clinic, Talisay City, Negros Occidental: Proposed Hospital Health Risk Awareness Program". He is also the President of the International College of Surgeons from 2022 to present.

He is also an attendee of the Institute of Corporate Directors seminar on Risk Management in the Age of COVID-19 last April 28, 2022.

Alben Teodoro T. Abad, M.D

Independent Director

Dr. Abad is one of the Independent Directors of the Corporation since 2021.

He is a Medical Specialist III in Teresita L. Jalandoni Provincial Hospital since 2016 to date. He graduated with a bachelor's degree in Biology in 2003 and completed his medical degree in 2007 at West Visayas State University. He had his post-graduate internship at West Visayas State University Medical Center in the year 2007 to 2008. Moreover, he completed his residency training in Radiology at St. Paul's Hospital Iloilo in the year 2009 to 2013. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the independent directors of the company, he has attended the Center for Global Best Practices' seminar on the Roles, Responsibilities and Liabilities of Board of Directors last November 19, 2021.

Joseline C. Encarnacion, M.D

Independent Director

Dr. Encarnacion is one of the Independent Directors of the Corporation since 2021.

She is a member of the Philippine Medical Association, Negros Occidental Medical Society, Philippine College of Physicians Negros Occidental Chapter and National Chapter. She graduated with a bachelor's degree in Biology at the University of San Carlos- Cebu in 1978 and a bachelor's degree in Nursing at West Negros College, Bacolod in 2006. She completed his medical degree in 1982 at Gullas College of Medicine. Moreover, she had her post-graduate internship at Cebu City Medical Center in the year 1982 to 1983. She finished her residency training at The Doctors' Hospital, Inc. in the year 1992 to 1995. Presently, she is writing her thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Independent Directors of the Company, she had attended the Roles, Responsibilities and Liabilities of Board of Directors webinar conducted by the Center for Global Best Practices on November 19, 2022.

John Clifton U. Martyr, M.D

Independent Director / Lead Independent Director

Dr. Martyr is one of the Independent Directors of the Corporation since 2021 and was appointed the Lead Independent Director on 17 September 2022.

He is an Associate Professor at the University of St. La Salle- Bacolod since 2017 to date. He is also the Chairperson of the Internal Medicine Department at The Doctors' Hospital, Inc. since 2006 to date. He is the President of the Negros Occidental Orchid Society since 2016 to date. He graduated with a bachelor's degree in Medical Technology at Cebu Doctors' College of Allied Medical Sciences in 1989 and completed his medical degree in 1993 at Cebu Doctors' College of Medicine. His post-graduate internship was completed at The Doctors' Hospital, Inc. in 1994 and he also finished his residency training in 1998 in the same school. Moreover, he completed his subspecialty training in Pulmonary in the year 1999 to 2000 and in Critical Care Medicine in the year 2000 to 2002 at Philippine Heart Center. Presently, he is writing his thesis for Master of Arts in Hospital Administration at Cebu Doctor's College.

As one of the Independent Directors of the Company, he had attended the DCGSS: Getting the Right Tool for ESG Compliance and Governance course conducted by the Institute of Corporate Director on November 19, 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 Bacolod, Inc. (Formerly: Allied Care Experts Medical Center – Bacolod, Inc.) executive officers in addition to its executive directors listed above as of December 31, 2022.

| Name | Age | Position | Citizenship | Period during which individual has served as such |
|-----------------------|------------|--|--------------------|--|
| Maylene B. Villanueva | 41 | Compliance Officer | Filipino | April 2022 to present |
| Ariel S. Malata | 49 | Investor Relations Officer / Data Protection Officer | Filipino | September 2022 to present / March 2021 to present |

ATTY. MAYLENE B. VILLANUEVA

Compliance Officer

Atty. Villanueva is the Compliance Officer of the Corporation since April 2022 to date. She is also the Corporate Secretary and Compliance Officer of Asia Pacific Medical Center – Iloilo, Inc. She also serves as the Compliance Officer of Asia Pacific Medical Center – Aklan, Inc. She is the President of TIPP Digital Solutions, Inc. and a Managing Partner in Villanueva, Balio and Ariston Law Offices, a partnership engaged in the general practice of law. She is also the Vice President for Legal Affairs and Human Resource of Phil Pharmawealth Inc. and had been its Acting President from September 2021 to April 2022 and serves as Corporate Secretary of Quicklab Diagnostics, Inc., Aesthetica Manila Inc. and Smartlab Diagnostics Inc. She is also a current member of the Board of Trustees of the Iloilo State College of Fisheries (ISCOF) representing the Private Sector.

She is a Certified Compliance Officer by the Center for Global Best Practices, 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. She was an active member of the Junior Chamber International Philippines and served the National 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) Chapter President in 2013 and 2014. She was conferred a JCI Senatorship by the Junior Chamber International on 6 May 2022. She is also an Associate Member of the Institute of Corporate Directors. She obtained her degrees in Law and Broadcast Communication from the University of San Agustin and the University Philippines in the Visayas respectively.

ARIEL S. MALATA

Investor Relations Officer / Data Protection Officer

Mr. Malata is the Investor Relations Officer of the Corporation since 17 September 2022 to date. He was appointed as one of the salesmen of the Company's securities since March 2022 and the Data Protection Officer of the Corporation since 19 March 2021 to date after receiving his certification from the University of the Philippines Open University for the Data Protection course last May 28, 2021. He is also the business office manager of the Corporation since March 2018 to date.

He is a graduate of University of St. La Salle – Bacolod with a degree of Bachelor of Science in Business Administration major in Marketing Management and Business Economics. He is currently pursuing a Master's degree in Business Administration in the same school.

INDEPENDENT DIRECTORS

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

1. Dr. Alben Teodoro T. Abad
2. Dr. Joseline C. Encarnacion
3. Dr. John Clifton U. Martyr

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 Data Protection Officer, Mr. Ariel S. Malata is the husband of the Corporate Secretary, Dr. Ma. Ivy V. Malata. Other than that, there are no family relationships either by consanguinity or affinity up to the fourth civil degree between and among other directors and executive officers, persons nominated or chosen by the Company to become Directors or executive officers, any security holder of certain record, beneficial owner or management.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

As of 31 December 2022, to the knowledge and information of the Company, none of the Company's other Directors or Executive Officers have been involved in the following events during the last five (5) years that are material to an evaluation of their ability or integrity to act as such:

1. Bankruptcy petition filed by or against any business of which they are a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.
2. Conviction by final judgment including the nature of offense in a criminal proceeding, domestic or foreign.
3. Order, judgment or decree not reversed or vacated by a domestic or foreign court which limits involvement in any type of business, securities, commodities or banking activities.
4. Being found by a domestic or foreign court in civil action, the SEC or comparable foreign body or domestic or foreign exchange to have violated a securities or commodities law or regulation which judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

| | Year | Salary (in Php) | Bonus (in Php) | Other Annual Compensation (in Php) |
|--|------|-----------------|----------------|------------------------------------|
| Ferjenel G. Biron, Chairman and President Danilo C. Regozo, Executive Vice President Bel Manuel G. Magallanes, Vice Chairman Ma. Ivy V. Malata, Corporate Secretary Ma. Leila M. Magbanua, Corporate Treasurer | 2020 | P 1,200,000.00 | | P 576,000.00 |
| All other officers | | | | P 355,000.00 |
| Ferjenel G. Biron, Chairman and President Danilo C. Regozo, Executive Vice President Bel Manuel G. Magallanes, Vice Chairman Ma. Ivy V. Malata, Corporate Secretary Ma. Leila M. Magbanua, Corporate Treasurer | 2021 | P 5,520,000.00 | | |
| All other officers | | | | P1,596,000.00 |
| Ferjenel G. Biron, Chairman Ma. Leila M. Magbanua, President Danilo C. Regozo, Executive Vice President Bel Manuel G. Magallanes, Vice Chairman Ma. Ivy V. Malata, Corporate Secretary Olga H. Pabicon, Corporate Treasurer | 2022 | P 4,992,000.00 | | P 3,122,500.00 |
| All other officers | | P 896,000.00 | | P 3,227,500.00 |

The bonuses for the directors in 2020 and 2021 were waived to allocate the financial resources of the company to the ongoing construction expenses.

During its August 15, 2020 meeting, the BOD approved the following monthly salaries of its Executive Officers, some of which are Directors which took effect on January 2021:

| Position | Salary |
|-------------------------------|---|
| Chairman | One Hundred Thousand Pesos (Php 100,000.00) |
| President | One Hundred Thousand Pesos (Php 100,000.00) |
| Vice Chairman | Eighty Thousand Pesos (Php 80,000.00) |
| Executive Vice President | Eighty Thousand Pesos (Php 80,000.00) |
| Corporate Secretary | Eighty Thousand Pesos (Php 80,000.00) |
| Assistant Corporate Secretary | Forty Thousand Pesos (Php 40,000.00) |
| Corporate Treasurer | Eighty Thousand Pesos (Php 80,000.00) |
| Assistant Corporate Treasurer | Forty Thousand Pesos (Php 40,000.00) |

In addition, the Board of Directors will be accorded a per diem of Php 10,000.00 for every regular and special board meeting and Php 5,000.00 per construction meeting. However, the construction is in full swing and resources were reserved for this. The per diems of founders in 2021 were waived.

OTHER ARRANGEMENTS

There are no other arrangements pursuant to which any director of the Company was compensated or is to be compensated in 2021 for any service provided as a director other than a reasonable per diem as previously approved by the Board.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENT

The Company did not enter into any employment contract with any of its executive officers with terms and conditions other than those normally provided by law. Neither did the company enter into any compensatory plan or arrangement, including payments to be received by any executive officer from the company if the plan or arrangement results or will result to the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries or a change in control of the Company or change in the executive officer's responsibilities following a change of control where the amount involved, including all periodic payments or installments will exceed Two Million Five Hundred Thousand Pesos (PhP 2,500,000.00).

WARRANTS OR OPTIONS HELD BY DIRECTORS AND/OR OFFICERS

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

SIGNIFICANT EMPLOYEE

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

SECURITY OWNERSHIP OF RECORD AND BENEFICIAL OWNERS

Dr. Ferjnel G. Biron is the only record and/or beneficial owner of more than 5% of any class of registrant's voting securities as of 31 December 2022.

| Class | Names / Address of Record Owner | Name of Beneficial Owner / Relationship with Record Owner | Citizenship | Number of Shares Held | % to Total Outstanding Shares |
|-----------------------|--|--|--------------------|------------------------------|--------------------------------------|
| Common Founder | Biron, Ferjnel G. /82 Firefly cor. Butterfly St., Valle Verde VI, Pasig City | Biron, Ferjnel G. / Record Owner is also Beneficial Owner | Filipino | 66,184 128 | 32.51% |

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

INDIVIDUAL DIRECTORS

| Title of Class | Names of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Citizenship | Percent of Class |
|-----------------------|---------------------------|---|----------|-------------|------------------|
| | | Direct | Indirect | | |
| Common Founder | Abad, Alben Teodoro T. | 2,984 14 | NONE | Filipino | 1.47% |
| Common Founder | Balinas, Rhona T. | 4,917 14 | NONE | Filipino | 2.42% |
| Common Founder | Biron, Ferjenel G. | 66,184 128 | NONE | Filipino | 32.51% |
| Common Founder | Encarnacion, Joseline C. | 1,592 10 | NONE | Filipino | 1.22% |
| Common Founder | Espinosa, Wendell Z. | 4,916 14 | NONE | Filipino | 2.42% |
| Common Founder | Gebusion, Anthony C. | 4,917 14 | NONE | Filipino | 2.42% |
| Common Founder | Lavilla, Meride D. | 2,192 10 | NONE | Filipino | 1.08% |
| Common Founder | Magallanes, Bel Manuel C. | 4,917 10 | NONE | Filipino | 2.42% |
| Common Founder | Magbanua, Ma. Leila M. | 4,917 16 | NONE | Filipino | 2.42% |
| Common Founder | Malata, Ma. Ivy V. | 4,915 16 | NONE | Filipino | 2.42% |
| Common Founder | Martyr, John Clifton U. | 2,292 14 | NONE | Filipino | 1.22% |
| Common Founder | Pabicon, Olga H. | 4,915 16 | NONE | Filipino | 2.42% |
| Common Founder | Pacete, Jimmy B. | 4,915 16 | NONE | Filipino | 2.42% |
| Common Founder | Regozo, Danilo C. | 5,986 20 | NONE | Filipino | 2.94% |
| Common Founder | Tad-y, May Claire R. | 4,917 14 | NONE | Filipino | 2.42% |

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

VOTING TRUST HOLDERS OF 5.0% OR MORE

As of 31 December 2022, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

CHANGES IN CONTROL

There is no arrangement which may result in a change of control of APMCBI since last fiscal year.

Item 12. Certain Relationships and Related Transactions

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. (Note 14, page 31 of the 2021 Audited Financial Statements)

(i.) Advances from shareholders

Advances from shareholders are payable upon demand. However, the Company is in the status of financing the construction of its hospital building, thus, settlement of advances is not the priority of the Company.

(ii.) Loans Payable to Related Party

Loans payable from an individual who is a close member of a shareholder's family was paid in January 2020 amounting to P24,250,000. Interest accrued from prior years was reversed in 2019 following the conditions stipulated in the contract.

(iii.) Advances to related parties

The Company also has a receivable from APMC - Iloilo amounting to P622,067 and P164,867 in 2022 and 2021, respectively, which pertains to the reimbursement of expenses incurred by the latter but paid by the Company. (Note 16, page 31 of the 2022 Audited Financial Statements)

The Company has advances to Asia Pacific Medical Center (APMC) - Aklan Inc. (APMC - Aklan) amounting to P40,000,000 which is unsecured and bears an interest of five percent (5%) per annum and payable on demand in 2021. The amount was also paid in 2021.

(iv.) Key Management Personnel Compensation

Compensation of the key management personnel of the Company consists of directors' fees amounting to P13,554,000 and per diems of directors amounting to P9,662,500 in 2022. Compensation of the key management personnel of the Company consists only of the directors' fees amounting to P666,000 in 2021 and nil in 2020.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company was granted the permit to sell securities on March 28, 2022. Since it is not yet operational, it is given six (6) months to submit its Manual on Corporate Governance or until October 28, 2022 before the Securities and Exchange Commission.

The Company endeavors to comply with the recommendation 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 April 5, 2022, the Board of Directors appointed its Compliance Officer to ensure that it will adhere to the highest standards of good governance. As an initial step to comply with the adopted leading practices on good governance, the Board had created the Board Committees such as the Corporate Governance Committee, Audit Committee, Nominations and Election Committee and Remuneration and Compensation Committee. The Directors have also started trainings in Corporate Governance provided by SEC accredited training providers such as the Center for Global Best Practices and the Institute of Corporate Directors as follows:

On April 28, 2022, the Board of Directors of the Company attended the webinar on Risk Management in the Age of COVID-19 conducted by the Institute of Corporate Directors. The Company also had its Corporate Secretary attend a webinar on Corporate Secretary as Corporate Governance Professional conducted by the Institute of Corporate Directors on June 16 and 17, 2022.

On June 24, 2022, the Board of Directors of the Company also attended a webinar on Getting the Right Tool for ESG Compliance and Governance and a free masterclass webinar conducted by the Institute of Corporate Directors.

On September 27, 2022, the Company submitted its Revised Manual on Corporate Governance. It substantially adopted in its Manual on Corporate Governance all of the recommendations under SEC Memorandum Circular No. 24, Series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers (CG Code for PCs and RIs).

Among the deviations from the recommendation of the SEC in SEC Memorandum No. 24 Series of 2019 is that the Corporate Secretary is a member of the Board and that the number of Independent Directors is less than one third ($\frac{1}{3}$) of the total number of Board of Directors.

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

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

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

(b) Reports on SEC Form 17-C

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 ASIA - PACIFIC MEDICAL CENTER BACOLOD, INC. by the undersigned, thereunto duly authorized, in the city of CITY OF PASIG on APR 11 2023, 2023.

By:


FERJENEL G. BIRON, M.D.
 Chairman

OLGA H. PABICON, M.D.
 Corporate Treasurer

MA. LEILA M. MAGBANUA, M.D.
 President

MA. IVY V. MALATA, M.D.
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 11 2023 day of APRIL 2023 affiant(s) exhibiting to me his Tax Identification Number, as follows:

| NAMES | VALID ID NO. | DATE OF ISSUE | PLACE OF ISSUE |
|--------------------------------|-----------------------------|-------------------|----------------|
| <u>FERJENEL G. BIRON, M.D.</u> | <u>TIN NO.: 127-685-650</u> | <u>11/08/1999</u> | <u>MANILA</u> |

Doc. No.: 272 ;
 Page No.: 55 ;
 Book No.: V ;
 Series of 723 .

Notary Public


MAYLENE B. VILLANUEVA
 NOTARY PUBLIC
 Cities of Pasig and San Juan
 and in the Municipality of Pateros
 Appointment No. 154 (2022-2023)
 Roll No. 60137; 03-22-12
 IBP Lifetime Member No. 010763; 03-13-2012; Iloilo
 PTR No. 9004789; 01-04-2023; Pasig City
 MCLE Compliance No. VII-0012768; 04-14-2025
 Commission expires on December 31, 2023
 Suite 24-G, Goldland Millenia Suites,
 Escriba Drive, Ortigas Center, Pasig City
 Contact No. 0917-5234802


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.

By:

FERJENEL G. BIRON, M.D.
Chairman


OLGA H. PABICON, M.D.
Corporate Treasurer


MA. LEILA M. MAGBANUA, M.D.
President



MA. IVY V. MALATA, M.D.
Corporate Secretary

10 APR 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20__ affiant(s) exhibiting to me their Tax Identification Number, as follows:

| NAMES | VALID ID NO. | DATE OF ISSUE | PLACE OF ISSUE |
|------------------------------------|-----------------------------|----------------------|-----------------------|
| <u>MA. LEILA M. MAGBANUA, M.D.</u> | <u>TIN NO.: 138-728-298</u> | <u>01/08/1994</u> | <u>BACOLOD</u> |
| <u>OLGA H. PABICON, M.D.</u> | <u>TIN NO.: 198-919-494</u> | <u>04/29/1996</u> | <u>BACOLOD</u> |
| <u>MA. IVY V. MALATA, M.D.</u> | <u>TIN NO.: 168-842-058</u> | <u>07/16/1994</u> | <u>BACOLOD</u> |

Doc. No.: 94 ;
 Page No.: 19 ;
 Book No.: XXXV ;
 Series of 2023 .


ERNIE E. MACASPAG
Notary Public
NOTARY PUBLIC FOR THE PROVINCE OF A CARLOTA
 MUNICIPALITIES OF PONTEVEDRA, LA CASTELLANA, ISABELA
 AND MOISES PADILLA
 COMMISSION UNTIL DECEMBER 31, 2023
 PTR No. 5092847 - 12/16/2022
 IBP No. 248901 - 10/19/2022
 MCLE No. VII - 0019421 - 04/14/2025
 1-C JUAN LUNA ST. BRGY. ROBLES LA CASTELLANA
 NEGROS OCCIDENTAL
 SPACE B.2nd LEVEL MC METROPLEX BUILDING
 BS AQUINO DRIVE BACOLOD CITY

ANNEX A (December 2022 AFS)



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

| | |
|-------------------------------------|---|
| TIN | : 009-725-618-000 |
| Name | : ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. |
| RDO | : 077 |
| Form Type | : 1702 |
| Reference No. | : 462300053352650 |
| Amount Payable (Over Remittance) | : 49.00 |
| Accounting Type | : C - Calendar |
| For Tax Period | : 12/31/2022 |
| Date Filed | : 04/13/2023 |
| Tax Type | : IT |

[Proceed to Payment](#)

[[BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#)]





Republic of the Philippines
 Department of Finance
 Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

| | | | | | |
|--|--|---|--|--|--|
| BIR Form No. 1702-RT January 2018(ENCS) Page 1 | | Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i> | | | |
| 1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal | | 3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 2 Year Ended (MM/20YY) 12/2022 | | 5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) IC010 | | 1702-RT 01/18ENCS P1 | |

| Part I - Background Information | | | | | |
|---|--|----------------------------|--|----------------|--|
| 6 Taxpayer Identification Number (TIN) | | 009 - 725 - 618 - 000 | | 7 RDO Code 077 | |
| 8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. | | | | | |
| 9A Registered Address (Indicate complete registered address) RM.4 G/F MC METROPLEX BLDG. B.S. AQUINO DRIVE VILLAMONTE BACOLOD CITY CAPITAL, NEGROS | | | | | |
| 9B Zipcode 6100 | | | | | |
| 10 Date of Incorporation/Organization (MM/DD/YYYY) | | | | | |
| 11 Contact Number | | 12 Email Address | | | |
| 09173624418 | | rpd.acctg.office@gmail.com | | | |
| 13 Method of Deductions <input checked="" type="checkbox"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="checkbox"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504] | | | | | |


| Part II - Total Tax Payable (Do NOT enter Centavos) | |
|--|----|
| 14 Total Income Tax Due (Overpayment) (From Part IV Item 43) | 49 |
| 15 Less: Total Tax Credits/Payments (From Part IV Item 55) | 0 |
| 16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56) | 49 |
| Add Penalties | |
| 17 Surcharge | 0 |
| 18 Interest | 0 |
| 19 Compromise | 0 |
| 20 Total Penalties (Sum of Items 17 to 19) | 0 |
| 21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20) | 49 |
| If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) | |
| <input type="checkbox"/> To be refunded <input type="checkbox"/> To be issued a Tax Credit Certificate (TCC) <input type="checkbox"/> To be carried over as tax credit next year/quarter | |

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code and the regulations thereunder, and the authority thereof. (If Authorized Representative, attach organization letter and indicate TIN)

| | | | | | | | | |
|--|-----------|--|-------------|--------------------------|-----------|-----|-------------|---|
| Signature over printed name of President/Principal Officer/Authorized Representative MA. LEILA M. MAEBANUA | | Signature over printed name of Treasurer/Assistant Treasurer OLGA H. PABICON | | 22 Number of Attachments | | | | |
| Title of Signatory | PRESIDENT | TIN | 138-728-295 | Title of Signatory | TREASURER | TIN | 198-919-494 | 4 |

| Part III - Details of Payment | | | | |
|-------------------------------|--------------------|--------|-------------------|--------|
| Particulars | Drawee Bank/Agency | Number | Date (MM/DD/YYYY) | Amount |
| 23 Cash/Bank Debit Memo | | | | 0 |
| 24 Check | | | | 0 |
| 25 Tax Debit Memo | | | | 0 |
| 26 Others (Specify Below) | | | | 0 |

| | |
|---|--|
| Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank) | Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial) |
|---|--|

| | | | | | |
|---|--|---|---|--|--|
| BIR Form No. 1702-RT January 2018(ENCS) Page 2 | | Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate | |  1702-RT 01/18ENCS P2 | |
| Taxpayer Identification Number (TIN) | | | Registered Name | | |
| 009 - 725 - 618 - 000 | | | ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. | | |
| Part IV - Computation of Tax (Do NOT enter Centavos) | | | | | |
| 27 Sales/Receipts/Revenues/Fees | | | | 0 | |
| 28 Less: Sales Returns, Allowances and Discounts | | | | 0 | |
| 29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28) | | | | 0 | |
| 30 Less: Cost of Sales/Services | | | | 0 | |
| 31 Gross Income from Operation (Item 29 Less Item 30) | | | | 0 | |
| 32 Add: Other Taxable Income Not Subjected to Final Tax | | | | 4,917 | |
| 33 Total Taxable Income (Sum of Items 31 and 32) | | | | 4,917 | |
| Less: Deductions Allowable under Existing Law | | | | | |
| 34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18) | | | | 32,495,898 | |
| 35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5) | | | | 0 | |
| 36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8) | | | | 0 | |
| 37 Total Deductions (Sum of Items 34 to 36) | | | | 32,495,898 | |
| OR [in case taxable under Sec 27(A) & 28(A)(1)] | | | | | |
| 38 Optional Standard Deduction (40% of Item 33) | | | | 0 | |
| 39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38) | | | | (32,490,981) | |
| 40 Applicable Income Tax Rate | | | | 25 % | |
| 41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40) | | | | 0 | |
| 42 MCIT Due (2% of Item 33) | | | | 49 | |
| 43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14) | | | | 49 | |
| 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 (From Part VI Schedule IV Item 4) | | | | 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 (To Part V Item 58) | | | | 0 | |
| Other Credits/Payments (Specify) | | | | | |
| 53 | | | | 0 | |
| 54 | | | | 0 | |
| 55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15) | | | | 0 | |
| 56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16) | | | | 49 | |
| Part V - Tax Relief Availment | | | | | |
| 57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate) | | | | 0 | |
| 58 Add: Special Tax Credits (From Part IV Item 52) | | | | 0 | |
| 59 Total Tax Relief Availment (Sum of Items 57 and 58) | | | | 0 | |

| | |
|---|---|
| Taxpayer Identification Number (TIN) | Registered Name |
| 009 - 725 - 618 - 000 | ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. |

| Schedule III - Computation of Net Operating Loss Carry Over (NOLCO) | |
|--|--------------|
| 1 Gross Income (From Part IV Item 33) | 4,917 |
| 2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18) | 32,495,898 |
| 3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A) | (32,490,981) |

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

| Net Operating Loss | | B) NOLCO Applied Previous Year |
|--------------------|------------|--------------------------------|
| Year Incurred | A) Amount | |
| 4 2022 | 32,490,981 | 0 |
| 5 | 0 | 0 |
| 6 | 0 | 0 |
| 7 | 0 | 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 | 32,490,981 |
| 5 0 | 0 | 0 |
| 6 0 | 0 | 0 |
| 7 0 | 0 | 0 |
| 8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36) | 0 | 0 |

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

| 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 | 0 |
| 2 0 | 0 | 0 | 0 |
| 3 0 | 0 | 0 | 0 |
| Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47) | | 0 | 0 |

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

| | |
|---|--------------|
| 1 Net Income/(Loss) per books | (32,490,981) |
| Add: Non-deductible Expenses/Taxable Other Income | |
| 2 | 0 |
| 3 | 0 |
| 4 Total (Sum of Items 1 to 3) | (32,490,981) |
| Less: A) Non-Taxable Income and Income Subjected to Final Tax | |
| 5 | 0 |
| 6 | 0 |
| B) Special Deductions | |
| 7 | 0 |
| 8 | 0 |
| 9 Total (Sum of Items 5 to 8) | 0 |
| 10 Net Taxable Income/(Loss) (Item 4 Less Item 9) | (32,490,981) |



Chleo Espera <cdespera@gmail.com>

Tax Direct (Successful)

Metrobank Business Online Solutions <mbos@metrobank.com.ph>
Reply-To: ibs.customercare@metrobank.com.ph
To: cdespera@gmail.com

Fri, Apr 14, 2023 at 9:12 AM

Hello Ms. CHLEO DOMINIQUE PESCA ESPERA

Your Tax Direct transaction is Successful. Transaction Details are as follows:

Reference Number: BIR-041423-090529-04199990
Corporation Name: ALLIED CARE EXPERTS MEDICAL CENTER-BACOLOD INC
Date Created:
Role: Maker
Source Account: *****4414
Amount: 49.00
Filing Reference Number: 462300053352650
Payment Transaction Number: 233986048
Tax Return Period: 12312022
TIN: 009725618000
Remarks:

If you have concerns/inquiries about Metrobank B.O.S. or any of our products or services, you may contact our Customer Care Desk from 8:30AM to 7:00PM, Mondays to Fridays except during bank holidays through any of the following:

During Banking Hours

Call (632) 898-8000 press 2 then 2 (domestic toll-free 1-800-1888-5775) or send an e-mail to ibs.customercare@metrobank.com.ph

During Non-Banking Hours

Call (632) 8700-700 (domestic toll-free 1-800-1888-5775)

Metrobank B.O.S.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN


The Management of Asia-Pacific Medical Center Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod Inc.) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. 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, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of Asia-Pacific Medical Center Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod 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 Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod 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.



Ferjanel G. Biron
Chairman of the Board



Ma. Leila M. Magbanua
President



Olga H. Pabicon
Corporate Treasurer



Signed this 18th day of March 2023

SUBSCRIBED AND SWORN to before me this **MAR 29 2023** with the presentation of the following:

| Name | Government ID | Place Issued | Date Issued |
|-------------------|-----------------------|--------------|-------------|
| FERJENEL G. BIRON | TIN # 127-685-650-000 | PASIG CITY | |

Doc No. **155**
Page No. **31**
Book No. **V**
Series of 2023


MAYLENE B. VILLANUEVA

NOTARY PUBLIC
Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 154 (2022-2023)
Roll No. 60137; 03-22-12
IBP Lifetime Member No. 010763; 03-13-2012; Iloilo
PTR No. 9004789; 01-04-2023; Pasig City
MCLE Compliance No. VII-0012768; 04-14-2025
Commission expires on December 31, 2023

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



Signed this 18th day of March 2023

SUBSCRIBED AND SWORN to before me this 21 MAR 2023 with the presentation of the following:

| Name | Government ID | Place Issued | Date Issued |
|-----------------------|-----------------------|--------------|-------------|
| OLGA H. PABICON | TIN # 198-919-494-000 | BACOLOD CITY | |
| MA. LEILA M. MAGBANUA | TIN # 138-728-295-000 | BACOLOD CITY | |

Doc No.
Page No.
Book No.
Series of 2023

ERNIE E. MAGASPAG
NOTARY PUBLIC FOR THE CITY OF LA CARLOTA
MUNICIPALITIES OF PONTEVEDRA, LA CASTELLANA, ISABELA
AND MOISES PADILLA
COMMISSION UNTIL DECEMBER 31, 2023
PTR No. 5092847 - 12/16/2022
IBP No. 248901 - 10/19/2022
MCLE No. VII - 0019421 - 04/14/2025
1-C JUAN LUNA ST. BRGY. ROBLES LA CASTELLANA
NEGROS OCCIDENTAL
SPACE B.2nd LEVEL MC METROPLEX BUILDING
BS AQUINO DRIVE BACOLOD CITY





Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
Rm. 4, Ground Floor, MC Metroplex Bldg.
BS Aquino Drive, Bacolod City, Negros Occidental

We have audited the financial statements of Asia-Pacific Medical Center Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod Inc.) (the Company) for the year ended December 31, 2022 on which we have rendered the attached report dated March 18, 2023.

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

1. The taxes paid or accrued by the above company for the year ended December 31, 2022 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

For the firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2022
January 25, 2022, valid until January 24, 2025
PTR No. 9569440, January 7, 2023, Makati City



March 18, 2023



Mendoza Querido & Co.

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The Stockholders and the Board of Directors
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(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
Rm. 4, Ground Floor, MC Metroplex Bldg.
BS Aquino Drive, Bacolod City, Negros Occidental

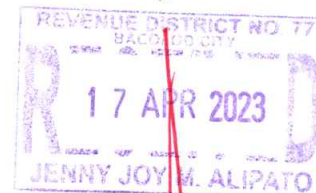
We have audited the financial statements of Asia-Pacific Medical Center Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod Inc.) (the Company) for the year ended December 31, 2022 on which we have rendered the attached report dated March 18, 2023.

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

1. The taxes paid or accrued by the above company for the year ended December 31, 2022 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

For the firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
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March 18, 2023



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Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
Rm. 4, Ground Floor, MC Metroplex Bldg.
BS Aquino Drive, Bacolod City, Negros Occidental

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia-Pacific Medical Center Bacolod, Inc. (formerly Allied Care Experts Medical Center-Bacolod Inc.) (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and of its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 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 ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, license fees and schedules prescribed under existing revenue issuances in Note 23 to the financial statements 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 management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**



RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 9569440, January 7, 2023, Makati City

March 18, 2023



ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.*(Formerly Allied Care Experts Medical Center-Bacolod Inc.)***STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2022 AND 2021***(Amounts in Philippine Peso)*

| | 2022 | 2021 |
|---|---------------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Notes 2, 3, 4 and 5) | P89,957,922 | P22,326,536 |
| Advances to a related party (Notes 2, 3, 4, 16 and 22) | 622,067 | 164,867 |
| Advances to contractors (Notes 3, 6 and 22) | 32,788,211 | 55,941,787 |
| Input VAT (Notes 2, 3 and 22) | 25,219,111 | 13,750,537 |
| Prepayments (Notes 2, 3 and 7) | 1,182,014 | 364,619 |
| Total Current Assets | 149,769,325 | 92,548,346 |
| Noncurrent Assets | | |
| Property and equipment – net (Notes 2, 3 and 8) | 652,810,597 | 284,645,878 |
| Security deposit (Notes 2, 3, 9 and 15) | 45,466 | 45,466 |
| Total Noncurrent Assets | 652,856,063 | 284,691,344 |
| TOTAL ASSETS | P802,625,388 | P377,239,690 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other payables (Notes 2, 3, 4 and 10) | P30,960,703 | P14,694,720 |
| Retention payable (Notes 3, 4, 11 and 22) | 43,936,332 | 8,945,544 |
| Income tax payable | 49 | 1,808 |
| Advances from shareholders (Notes 2, 3, 4, 16, 19 and 22) | 165,624,718 | 218,218,718 |
| Total Current Liabilities | 240,521,802 | 241,860,790 |
| Noncurrent Liability | | |
| Loans payable (Notes 2, 3, 4, 12 and 19) | 356,640,000 | – |
| Total Liabilities | 597,161,802 | 241,860,790 |
| Equity | | |
| Share capital (Notes 2, 4 and 13) | 185,594,626 | 161,878,533 |
| Additional paid-in capital (Notes 2 and 4) | 78,760,240 | – |
| Deficit (Notes 2 and 4) | (58,891,280) | (26,499,633) |
| Total Equity | 205,463,586 | 135,378,900 |
| TOTAL LIABILITIES AND EQUITY | P802,625,388 | P377,239,690 |

See accompanying Notes to Financial Statements.



ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Peso)

| | 2022 | 2021 | 2020 |
|---|----------------------|--------------|---------------|
| INTEREST INCOME (Notes 2 and 5) | P104,300 | P514,903 | P2,635,791 |
| EXPENSES (Notes 2 and 14) | (32,495,898) | (7,326,232) | (12,857,286) |
| LOSS BEFORE INCOME TAX | (32,391,598) | (6,811,329) | (10,221,495) |
| PROVISION FOR INCOME TAX (Notes 2 and 17) | (49) | (1,808) | – |
| NET LOSS | (P32,391,647) | (P6,813,137) | (P10,221,495) |
| LOSS PER SHARE (Notes 2 and 18) | (P158.57) | (P55.39) | (P106.47) |

There was no other comprehensive income during the years ended December 31, 2022, 2021 and 2020.

See accompanying Notes to Financial Statements.



ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

(Amounts in Philippine Peso)

| | 2022 | 2021 | 2020 |
|---|---------------------|--------------|--------------|
| SHARE CAPITAL (Notes 2, 4 and 13) | P185,594,626 | P161,878,533 | P96,000,000 |
| ADDITIONAL PAID-IN CAPITAL (Notes 2 and 4) | 78,760,240 | – | – |
| DEFICIT (Notes 2 and 4) | | | |
| Balance at beginning of year | (26,499,633) | (19,686,496) | (9,465,001) |
| Net loss | (32,391,647) | (6,813,137) | (10,221,495) |
| Balance at end of year | (58,891,280) | (26,499,633) | (19,686,496) |
| | P205,463,586 | P135,378,900 | P76,313,504 |

See accompanying Notes to Financial Statements.



ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

(Amounts in Philippine Peso)

| | 2022 | 2021 | 2020 |
|--|--------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before income tax | (P32,391,598) | (P6,811,329) | (P10,221,495) |
| Adjustments to reconcile pretax loss to cash: | | | |
| Interest income (Note 5) | (104,300) | (514,903) | (2,635,791) |
| Depreciation (Notes 8 and 14) | 138,041 | 173,092 | 130,269 |
| Loss before working capital changes | (32,357,857) | (7,153,140) | (12,727,017) |
| Increase in input VAT | (11,468,574) | (5,538,864) | (8,184,716) |
| Increase in prepayments (Note 7) | (817,395) | (242,844) | (7,025) |
| Increase (decrease) in trade and other payables (Note 10) | 16,265,983 | (55,270) | 14,733,243 |
| Net cash used for operations | (28,377,843) | (12,990,118) | (6,185,515) |
| Interest received | 104,300 | 514,903 | 2,635,791 |
| Income tax paid | (1,808) | - | - |
| Net cash used in operating activities | (28,275,351) | (12,475,215) | (3,549,724) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Retention from payment to contractors (Note 11) | 34,990,788 | 5,769,323 | 3,176,221 |
| Application of advances (payments made) to contractors (Note 6) | 23,153,576 | (15,463,365) | (40,478,422) |
| Payment of security deposit (Notes 9 and 15) | - | (466) | - |
| Payments received from (advances to) a related party (Note 16) | (457,200) | (129,867) | 140,000 |
| Additions to property and equipment (Note 8) | (368,302,760) | (155,891,144) | (33,626,634) |
| Net cash used in investing activities | (310,615,596) | (165,715,519) | (70,788,835) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loans payable (Note 12) | 356,640,000 | - | - |
| Proceeds from (payments of) advances from shareholders (Notes 16 and 19) | (52,594,000) | 67,972,564 | (11,874,258) |
| Proceeds from shareholders for future share subscriptions (Note 13) | - | - | 27,000,000 |
| Proceeds from subscription of share capital (Note 13) | 102,476,333 | 38,878,533 | - |
| Payment of loans payable (Note 12) | - | - | (24,250,000) |
| Net cash provided by (used in) financing activities | 406,522,333 | 106,851,097 | (9,124,258) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 67,631,386 | (71,339,637) | (83,462,817) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 22,326,536 | 93,666,173 | 177,128,990 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | P89,957,922 | P22,326,536 | P93,666,173 |

| | 2022 | 2021 | 2020 |
|--|------------------|------|--------------|
| NONCASH FINANCIAL INFORMATION | | | |
| Transfer of deposits for future share subscription to share capital (Note 13) | P- (P27,000,000) | | P- |
| Increase in share capital (Note 13) | - 27,000,000 | | - |
| Transfer of prepayments to property and equipment (Note 7) | - | - | 14,887,803 |
| Additions to property and equipment | - | - | (14,887,803) |
| | P- | P- | P- |

See accompanying Notes to Financial Statements.

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

NOTES TO FINANCIAL STATEMENTS

1. General Information

Allied Care Experts Medical Center-Bacolod Inc. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 4, 2017, primarily 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 and other allied undertaking and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On August 22, 2020, the majority of the Board of Directors and the vote of the shareholders owning and representing at least two-thirds of the outstanding share capital approved the amendment of Article I of the Articles of Incorporation (AOI) by changing its name from Allied Care Experts Medical Center-Bacolod Inc. to Asia-Pacific Medical Center Bacolod, Inc. On September 21, 2021, the SEC approved the amendment to the Articles of Incorporation of the Company to change its corporate name.

Its principal place of business is located at Rm. 4, Ground Floor, MC Metroplex Bldg. BS Aquino Drive, Bacolod City, Negros Occidental. The hospital building address is located at Lacson Street, Barangay Bata, Bacolod City, Negros Occidental.

The Company has nine (9) and seven (7) employees as at December 31, 2022 and 2021, respectively.

The accompanying financial statements of the Company for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors on March 18, 2023.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The accompanying financial statements of the Company have been prepared on a historical cost basis, except as otherwise stated. Historical costs refer to the amount of cash paid to acquire an asset or, in the case of exchange, the fair value of the consideration given to acquire an asset. The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies

The Company consistently adopted and applied all accounting policies under PFRS which have been issued and becomes effective except adoption of the following amendments effective beginning January 1, 2022. Adoption of these amendments to PFRS, PAS and Philippine Interpretations did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, "*Reference to the Conceptual Framework*"

The amendments updated the reference to the "*Conceptual Framework*" and an exception to its requirement for an entity to refer to the "*Conceptual Framework*" to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*". This exception is to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognized some liabilities on the acquisition of a business that it would not recognize in other circumstances. Immediately after the acquisition, the entity would have had to derecognize such liabilities and recognize a gain that did not depict an economic gain.

The amendments will apply on future business combinations of the Company, if any.

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

The amendments prohibit from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

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

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

The adoption of this amendment is not expected to have any significant impact on the financial statements.

Annual Improvements to PFRSs 2018-2020 Cycle

The Annual Improvements to PFRSs (2018-2020 cycle) are effective for annual periods beginning 2022 and are not expected to have a material impact on the Company.

- Amendments to PFRS 1, "*Subsidiary as a First-time Adopter*"

The amendment permits a subsidiary that measures the assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PFRS 9, "*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*"

The improvements clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PFRS 16, "*Lease Incentives*"

The amendment removes reimbursement relating to leasehold improvements. PFRS 16 does not contain explicit guidance on how to account for leasehold improvements made by the lessee or when reimbursements made by the lessor in respect of those leasehold improvements can be regarded as lease incentives. Thus, created some confusion on how a lessee should account for such reimbursement by stating that the lessee should apply the appropriate standard and should not account for the reimbursement as a lease incentive. The standard had not clearly explained the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 41, "*Taxation in Fair Value Measurements*"

The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

The adoption of the foregoing new and revised PFRS and PAS will not have any material impact on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

New Accounting Standards, Amendments to Existing Standards and Interpretations
Effective Subsequent to December 31, 2022

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2022 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

Effective beginning on or after January 1, 2023

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

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

The amendments to PAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to PFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 8, "*Definition of Accounting Estimates*"

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 12, "*Deferred Tax related to Assets and Liabilities from a Single Transaction*"

The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, "*Presentation of Financial Statements – Noncurrent Liabilities with Covenants*"

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent*, on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 16, "*Leases – Lease Liability in a Sale and Leaseback*"

The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease. The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, "*Insurance Contracts*"*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, "*Insurance Contracts*". This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts.
- Amendments to PFRS 17, "*Insurance Contracts*"*

The amendments, which respond to feedback from stakeholders, are designed to:

- Reduce costs by simplifying some requirements in the Standard;
- Make financial performance easier to explain; and
- Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

The amendments are not applicable to the Company since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendment to PFRS 17, "*Initial Application of PFRS 17 and PFRS 9 – Comparative Information*"

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

**On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.*

Deferred Effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, "*Business Combinations*". Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments may apply to future transactions of the Company.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on 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 par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

The adoption of this amendment is not expected to have any significant impact on the financial statements since the Company is not in a real estate industry.

No Mandatory Effective Date

- PFRS 9, "Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)"

The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

These amendments are not applicable to the Company and expected not to have an impact on the financial statements.

Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification. An asset is current if:

- 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.

All other assets are classified 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 income tax assets and liabilities, if any, are classified as noncurrent assets and liabilities.

Fair Value Measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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

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

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

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

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

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 re-assessing 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 assets or liabilities and the level of the fair value hierarchy.

Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

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

Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification

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

Financial Assets at Amortized Cost

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents and advances to a related party are classified under this category (see Notes 5, 6 and 14).

Debt Instruments at FVOCI

For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

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

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are classified from equity to profit or loss as a reclassification adjustment.

As at December 31, 2022 and 2021, the Company does not have debt instruments at FVOCI.

Equity Instruments at FVOCI

For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, "*Financial Instruments: Presentation*". This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

As at December 31, 2022 and 2021, the Company does not have equity instruments at FVOCI.

Financial Assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2022 and 2021, the Company has no financial assets at FVPL.

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 of Financial Assets at Amortized Cost and FVOCI

The Company recognizes an allowance for ECL for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's 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.

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

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the nonpayment was an administrative oversight rather than resulting from financial difficulty of the borrower. 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 before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

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

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

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

Financial Liabilities

Initial Measurement

Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Classification and Subsequent Measurement

The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as 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.

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 as at fair value through profit or loss.

As at December 31, 2022 and 2021, the Company does not have financial liabilities at FVPL.

Financial liabilities at amortized cost

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

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Included in this category are the Company's trade and other payables (except government payables) and advances from shareholders.

Derecognition

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

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 income 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 Assets and Liabilities

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

Input VAT

Input VAT represents value-added tax (VAT) paid to suppliers that can be claimed as credit against the Company's VAT liabilities.

Prepayments

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

Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated provision for any impairment in value, if any.

The initial cost of property and equipment comprises its purchase price and other costs directly attributable in bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations when it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance and the cost of such item can be measured reliably, the expenditures are capitalized as an additional cost of the said property and equipment.

Land is stated at cost less impairment in value, if any.

Depreciation is computed using the straight-line method over the estimated useful life of office equipment which is 3 to 5 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property.

Construction in progress represents structures under constructions and is stated at cost (include cost of construction, machinery and equipment under installation and other related costs). Construction in progress is not depreciated until such time as the relevant assets are completed and ready for its intended use.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Security Deposit

Security deposit represents deposit made on lease contracts of office, initially measured at cost less impairment loss, if any, and which are recoverable at the end of lease terms.

Impairment of Nonfinancial Assets

Property and equipment, security deposit, input VAT and prepayments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses are recognized in the statements of comprehensive income.

Recovery of impairment loss recognized in prior years is recorded on nonfinancial asset when there is an indication that the impairment loss recognized for the asset no longer exists or has decreased. The recovery is recorded in the statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Equity

Share Capital

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

The share capital is classified into founders' share and common share.

Additional Paid-in Capital

Proceeds and/or fair value considerations received in excess of par value.

Deficit

Deficit includes all current and prior period results as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent.

Interest Income

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

Cost and Expenses

Costs and expenses are recognized in the statements of comprehensive income upon utilization of the service or goods or at the date they are incurred or received.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts.

The capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Employee Benefits

Short-term Benefits

Short-term employee benefits are those benefits expected to be settled wholly before 12 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.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has the following:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
 - a. the Company has the right to operate the asset; or
 - b. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Related Parties

Parties were considered to be related if one party has the ability, directly or indirectly, to control the other party or exercises significant influence over the other party in making financial and operating decisions. Parties were also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions between related parties are based on terms similar to those offered to non-related parties.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has present obligations, legal or constructive, as a result of past events, when 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. These 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 are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Loss Per Share

Basic loss per share is calculated by dividing the net loss (less preferred dividends net of tax, if any) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted loss per share is computed by dividing net loss by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events After the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

Judgments

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

Business Model Assessment

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

Significant Increase of Credit Risk

Where the fair values of financial assets and financial liabilities recorded on the statements 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.

Classification of Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Determination Whether an Arrangement Contains a Lease

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Company.

The details of these lease agreements are disclosed in Note 13.

Determining the Lease Term of Contracts with Renewal and Termination Options – Company as Lessee

The Company determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contract that includes extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company did not include the renewal period as part of the lease term for lease of its temporary office space even though the Company typically exercises its option to renew this lease because the Company does not have enforceable right to extend the lease beyond the noncancellable period.

Determining the Fair Values of Financial Instruments

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 valuation techniques including the discounted cash flows model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed as follows:

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.

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.

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 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 in 2022 and 2021. The carrying amounts of other financial assets at amortized cost is as follows:

| | 2022 | 2021 |
|-----------------------------|--------------------|-------------|
| Cash in banks | P34,906,249 | P22,311,536 |
| Time deposits | 55,036,673 | – |
| Advances to a related party | 622,067 | 164,867 |
| | P90,564,989 | P22,476,403 |

Assessment for Impairment of Nonfinancial Assets

The Company assesses impairment on nonfinancial 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 CGU 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 nonfinancial assets was recognized for the years ended December 31, 2022 and 2021. The carrying amounts of nonfinancial assets are as follows:

| | 2022 | 2021 |
|-------------------------|---------------------|--------------|
| Advances to contractors | P32,788,211 | P55,941,787 |
| Input VAT | 25,219,111 | 13,750,537 |
| Other current assets | 1,182,014 | 364,619 |
| Property and equipment | 652,810,597 | 284,645,878 |
| Security deposit | 45,466 | 45,466 |
| | P712,045,399 | P354,748,287 |

Estimating Useful Life of Property and Equipment, Except Land

The estimated useful lives used as bases for depreciating the Company's property and equipment, excluding land, were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets.

The carrying amount of property and equipment, except land, amounted to P572,608,095 and P204,443,376 as at December 31, 2022 and 2021, respectively (see Note 8).

Recognition of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The management believes that the Company will not be able to realize the NOLCO in the future. The Company provided full valuation allowance on its NOLCO, thus no deferred tax asset was set up in 2022 and 2021.

4. Financial Risk Management Objectives and Capital Management

Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund its operations. The Company's principal financial instruments arising from operations consist of cash and cash equivalents, advances to a related party, trade and other payables (excluding government liabilities), loans payable and advances from shareholders. The main risks from the use of financial instruments are credit and liquidity risk. The Company has minimal exposure on interest rate risk since its loans payable are short-term and bear fixed interest rate.

The Company does not have foreign currency risk because the Company has no monetary assets and liabilities denominated in foreign currency for the years ended December 31, 2022 and 2021.

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

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are composed of cash in banks and time deposits. 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.

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 arises 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.

| December 31, 2022 | | | | |
|-----------------------------|-----------------------------------|--|-----------------------------------|--------------------|
| | Financial asset at amortized cost | | | |
| | 12-month ECL | Lifetime ECL – not credit impaired | Lifetime ECL – credit impaired | Total |
| Cash in banks | P34,906,249 | P– | P– | P34,906,249 |
| Time deposits | 55,036,673 | – | – | 55,036,673 |
| Advances to a related party | 622,067 | – | – | 622,067 |
| | P90,564,989 | P– | P– | P90,564,989 |

| December 31, 2021 | | | | |
|-----------------------------|-----------------------------------|-----------------------|--------------------------------|-------------|
| | Financial asset at amortized cost | | | |
| | 12-month ECL | Lifetime ECL | | Total |
| | | – not credit impaired | Lifetime ECL – credit impaired | |
| Cash in banks | P22,311,536 | P– | P– | P22,311,536 |
| Advances to a related party | 164,867 | – | – | 164,867 |
| | P22,476,403 | P– | P– | P22,476,403 |

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.

To meet the Company's short-term obligations and funding for the construction of its building, the Company will call for payment of the subscription receivable from the stockholders. Also, the Company secured from Development Bank of the Philippines a credit line facility on August 11, 2021 as one of its sources in funding the construction of hospital building.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at December 31, 2022 and 2021 based on contractual and undiscounted payments.

As at December 31, 2022

| | On Demand | Within 1 year | 1 to 5 years | More than 5 years | Total |
|-------------------------------|-------------|---------------|--------------|-------------------|--------------|
| Financial liabilities: | | | | | |
| Trade and other payables* | P– | P30,102,288 | P– | P– | P30,102,288 |
| Retention payable | – | 43,936,332 | – | – | 43,936,332 |
| Advances from shareholders | – | – | 165,624,718 | – | 165,624,718 |
| Loans payable | – | – | – | 356,640,000 | 356,640,000 |
| | P– | P74,038,620 | P165,624,718 | P356,640,000 | P596,303,338 |
| Financial assets: | | | | | |
| Cash and cash equivalents | P89,957,922 | P– | P– | P– | P89,957,922 |
| Advances to a related party | 622,067 | – | – | – | 622,067 |
| | P90,579,989 | P– | P– | P– | P90,579,989 |

*Excluding government payables amounting to P858,415 as at December 31, 2022.

As at December 31, 2021

| | On Demand | Within 1 year | 1 to 5 years | More than 5 years | Total |
|-------------------------------|-----------|---------------|--------------|-------------------|--------------|
| Financial liabilities: | | | | | |
| Trade and other payables* | P– | P14,575,083 | P– | P– | P14,575,083 |
| Retention payable | – | 8,945,544 | – | – | 8,945,544 |
| Advances from shareholders | – | – | 218,218,718 | – | 218,218,718 |
| | P– | P23,520,627 | P218,218,718 | P– | P241,739,345 |

| | On Demand | Within 1 year | 1 to 5 years | More than 5 years | Total |
|-----------------------------|-------------|------------------|--------------|----------------------|-------------|
| <i>Financial assets:</i> | | | | | |
| Cash and cash equivalents | P22,326,536 | P- | P- | P- | P22,326,536 |
| Advances to a related party | 164,867 | - | - | - | 164,867 |
| | P22,491,403 | P- | P- | P- | P22,491,403 |

*Excluding government payables amounting to P119,637 as at December 31, 2021.

Fair Values of Financial Instruments

The historical cost carrying amounts of the Company's financial assets and financial liabilities are all subject to normal credit terms, and are short-term in nature, and approximate their fair values. Details are as follows:

| | 2022 | 2021 |
|-------------------------------|---------------------|--------------|
| <i>Financial assets:</i> | | |
| Cash and cash equivalents | P89,957,922 | P22,326,536 |
| Advances to a related party | 622,067 | 164,867 |
| | P90,579,989 | P22,491,403 |
| <i>Financial liabilities:</i> | | |
| Trade and other payables* | P30,102,288 | P14,575,083 |
| Retention payable | 43,936,332 | 8,945,544 |
| Advances from shareholders | 165,624,718 | 218,218,718 |
| Loans payable | 356,640,000 | - |
| | P596,303,338 | P241,739,345 |

*Excluding government payables amounting to P858,415 and P119,637 as at December 31, 2022 and 2021, respectively.

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 shareholder value.

The Company manages capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

The following table pertains to the account balances the Company considers as its core economic capital:

| | 2022 | 2021 | 2020 |
|----------------------------|---------------------|--------------|--------------|
| Share capital | P185,594,626 | P161,878,533 | P96,000,000 |
| Additional paid-in capital | 78,760,240 | - | - |
| Deficit | (58,891,280) | (26,499,633) | (19,686,496) |
| | P205,463,586 | P135,378,900 | P76,313,504 |

5. Cash and Cash Equivalents

This account consists of:

| | 2022 | 2021 |
|---------------|--------------------|--------------------|
| Cash on hand | P15,000 | P15,000 |
| Cash in banks | 34,906,249 | 22,311,536 |
| Time deposits | 55,036,673 | – |
| | P89,957,922 | P22,326,536 |

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks amounted to P62,710 and P111,506 as at December 31, 2022 and 2021, respectively.

Time deposits earn interest at the respective bank deposit rates. Interest income earned from time deposits amounted to P36,673 and P222,575 as at December 31, 2022 and 2021, respectively.

6. Advances to Contractors

Advances to contractors represent advances for each awarded project activity and is liquidated via deduction, on a pro-rate basis from the contractor's periodic progress billings.

Advances to contractors amounted P50,249,279 and P55,941,787 as at December 31, 2022 and 2021, respectively.

7. Prepayments

This account consists of:

| | 2022 | 2021 |
|------------------------|-------------------|-----------------|
| Prepaid marketing | P933,334 | P– |
| Prepaid tax | P241,680 | 241,680 |
| Prepaid rent (Note 13) | – | 115,939 |
| Others | 7,000 | 7,000 |
| | P1,182,014 | P364,619 |

Prepaid tax pertains to advance payment of advertisement.

Prepaid tax pertains to advance payment of real property tax.

Prepaid rent pertains to unamortized portion of its payment of lease with MC Metroplex Holdings, Inc. (see Note 13).

Prepaid expenses – CIP account amounting to P14,887,803 in 2019 was transferred to Construction in progress account in 2020 (see Note 8) details as follows:

| | |
|---|--------------------|
| Advance deposits – Contractor | P10,864,000 |
| Zoning fee for building permit processing | 1,106,956 |
| Prepayments – Project management team | 1,084,861 |
| Building permit and certification | 819,315 |
| Contracted services – Soil lab and groundbreaking | 744,780 |
| Others | 267,891 |
| | P14,887,803 |

8. Property and Equipment

This account consists of:

| | 2021 | Additions | Disposal | 2022 |
|---------------------------|--------------|-------------|----------|---------------------|
| Cost: | | | | |
| Land | P80,202,502 | P– | P– | P80,202,502 |
| Construction in progress | 204,132,072 | 368,187,691 | – | 572,319,763 |
| Office equipment | 835,751 | 115,069 | – | 950,820 |
| | 285,170,325 | 368,302,760 | – | 653,473,085 |
| Accumulated depreciation: | | | | |
| Office equipment | 524,447 | 138,041 | – | 662,488 |
| Net book value | P284,645,878 | | | P652,810,597 |

| | 2020 | Additions | Disposal | 2021 |
|---------------------------|--------------|-------------|----------|--------------|
| Cost: | | | | |
| Land | P80,202,502 | P– | P– | P80,202,502 |
| Construction in progress | 48,341,686 | 155,790,386 | – | 204,132,072 |
| Office equipment | 734,993 | 100,758 | – | 835,751 |
| | 129,279,181 | 155,891,144 | – | 285,170,325 |
| Accumulated depreciation: | | | | |
| Office equipment | 351,355 | 173,092 | – | 524,447 |
| Net book value | P128,927,826 | | | P284,645,878 |

Land pertains to properties located in Bacolod City, Negros Occidental with a total area of 10,000 square meters, where its hospital building is being constructed.

Construction in progress pertains to building under construction to be used as hospital building upon completion.

Beginning 2020, the Company entered into contracts with various contractors and suppliers for the construction of its hospital building.

The total estimated cost for the construction of the hospital building is P1.83 billion. The total estimated cost for the whole project until full operation is P2.33 billion.

As per construction manager, the estimated percentage of completion of the construction is at 27.063% as at December 31, 2022, and construction of the hospital building is estimated to be completed by the second quarter of 2024.

On August 11, 2021, the Company entered into a Mortgage Agreement with Development Bank of the Philippines for loan and credit accommodations to finance the construction of the hospital building and acquisition of medical instruments, furniture and appliances. The Mortgage Agreement is secured by the land together with the buildings and other permanent improvements.

The terms and conditions of the Mortgage Agreement were as follows:

- a) keep the mortgaged property in good condition;
- b) pay on time the lawful taxes and assessments of the mortgaged property;
- c) insure the mortgaged property;
- d) the Company shall not transfer, lease, mortgage or encumber the property, or demolish or make any alteration without first obtaining the Mortgagee's written consent.

The carrying amount of the mortgaged property amounted to P652,522,265 as at December 31, 2022.

There were no amount of compensations received from any third parties for items of property and equipment that were impaired, lost or given up.

9. Security Deposit

This account pertains to rent security deposit amounting to P45,466 as at December 31, 2022 and 2021, respectively (see Note 13).

10. Trade and Other Payables

This account consists of:

| | 2022 | 2021 |
|--|--------------------|-------------|
| Accounts payable | P30,102,288 | P14,575,083 |
| Withholding tax payable – expanded | 848,032 | 94,439 |
| SSS/PhilHealth/HDMF payable | 8,623 | 12,420 |
| Withholding tax payable – compensation | 1,760 | 12,778 |
| | P30,960,703 | P14,694,720 |

Accounts payable pertains to short-term, unsecured, noninterest-bearing payable to other party.

11. Retention Payable

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

Retention payable amounted P43,936,332 and P8,945,544 as at December 31, 2022 and 2021, respectively.

12. Loans Payable

| | | 2022 | 2021 |
|-----|---|---------------------|------|
| DBP | The Company availed long-term loans in tranches from DBP. First tranche availed on June 16, 2022. The principal amount is payable quarterly beginning September 16, 2025 until June 16, 2035. The effective interest rate is 5% per annum and payable quarterly. All loans are secured by the Company's real properties (see Note 8). The loan proceeds were used to finance the construction of the hospital building. | P356,640,000 | P- |

Borrowing costs amounted to P9,155,246 as at December 31, 2022, and were capitalized as cost of the hospital building (see Note 8).

13. Share Capital

This account consists of:

| | 2022 | 2021 | 2020 |
|--|---------------------|--------------|--------------|
| Authorized share capital | | | |
| 600 founders' share at P1,000 par value | P600,000 | P600,000 | P600,000 |
| 239,400 common share in 2022 and 2021 and 119,400 common share in 2020 at P1,000 par value | 239,400,000 | 239,400,000 | 119,400,000 |
| | P240,000,000 | P240,000,000 | P120,000,000 |
| Subscribed | | | |
| 600 founders' shares in 2022 and 480 founders' shares in 2021 and 2020 at P1,000 par value | P600,000 | P480,000 | P480,000 |
| Current year issuance | | | |
| - 120 founders' shares in 2021 | - | 120,000 | - |
| Balance at end of year - 600 founders' shares in 2022 and 2021 and 480 founders' shares in 2020 | 600,000 | 600,000 | 480,000 |
| 204,000 common shares in 2022 and 95,520 common shares in 2021 and 2020 at P1,000 par value | 203,400,000 | 95,520,000 | 95,520,000 |
| Current year issuance | | | |
| - 550 common shares in 2022 and 107,880 common shares in 2021 | 550,000 | 107,880,000 | - |
| Balance at end of year - 203,940 common shares in 2022, 203,400 common shares in 2021 and 95,520 common shares in 2020 | 203,950,000 | 203,400,000 | 95,520,000 |
| Less subscription receivable | (18,955,374) | (42,121,467) | - |
| | 184,994,626 | 161,278,533 | 95,520,000 |
| | P185,594,626 | P161,878,533 | P96,000,000 |

The founders' share has the exclusive right to vote and be voted upon in the election of directors for a limited period not to exceed five (5) years.

On August 22, 2020, the majority of the Board of Directors and the vote of the shareholders owning and representing at least two-thirds of the outstanding share capital approved the increase in authorized share capital from P120,000,000 divided into 119,400 common shares and 600 founders' shares to P240,000,000 divided into 239,400 common shares and 600 founders' shares which all of it have par value of P1,000 per share.

In view of the above, P27,000,000 was paid-up by the existing shareholders representing 25% payment of the 90% subscribed capital amounting to P107,880,000 of the increase in authorized share capital amounting to P120,000,000.

The application of the said increase of authorized share capital was approved by the SEC on September 21, 2021. The deposit for future share subscriptions amounting to P27,000,000 was transferred to paid-up share capital. This transaction is considered as a noncash financial information in the statements of cash flows.

Below is the details of registered common shares:

| Date of Registration | Number of Blocks Licensed* | Issue/Offer Price Per Block |
|----------------------|----------------------------|-----------------------------|
| March 28, 2022 | 2,400 | P250,000 |
| March 28, 2022 | 800 | 300,000 |
| March 28, 2022 | 400 | 400,000 |

*10 shares per block

14. Expenses

This account consists of:

| | 2022 | 2021 | 2020 |
|----------------------------------|--------------------|------------|-------------|
| Meetings and conferences | P13,663,544 | P157,878 | P6,984,927 |
| Executive compensation (Note 14) | 13,554,000 | 666,000 | – |
| Professional fees | 1,431,036 | 1,174,143 | 542,857 |
| Salaries and wages | 1,347,589 | 1,679,067 | 1,728,518 |
| Communication, power and water | 1,134,965 | 426,452 | 192,765 |
| Taxes and licenses | 332,274 | 2,519,039 | 428,255 |
| Marketing | 225,597 | – | – |
| Rentals (Note 13) | 166,850 | 144,384 | 149,009 |
| Depreciation (Note 8) | 138,041 | 173,092 | 130,269 |
| Office supplies | 126,267 | 46,374 | 33,325 |
| SSS/Philhealth/HDMF expense | 104,993 | 76,824 | 108,150 |
| Transportation and travel | 69,708 | 20,088 | 74,984 |
| Repairs and maintenance | 4,650 | 4,500 | 5,320 |
| Outside services | – | 32,500 | 13,393 |
| Capital gains tax | – | – | 2,396,800 |
| Representation | – | – | 8,500 |
| Miscellaneous | 196,384 | 205,891 | 60,214 |
| | P32,495,898 | P7,326,232 | P12,857,286 |

15. Lease Agreement

In September 2019, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of one (1) year, commencing from October 1, 2019 to September 30, 2020 and paid the total amount of P146,170, inclusive of VAT and net of withholding tax.

In October 2020, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of one (1) year, commencing from October 1, 2020 to September 30, 2021 and paid the total amount of P146,170, inclusive of VAT and net of withholding tax.

In October 2021, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of one (1) year, commencing from October 1, 2021 to September 30, 2022 and paid the total amount of P147,684, inclusive of VAT and net of withholding tax.

In October 2022, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of three (3) months, commencing from October 1, 2022 to December 31, 2022 for monthly rent of of P14,479, inclusive of VAT and net of withholding tax.

Due to the lease agreement which is for a period of 1 year and no purchase option, the lease is accounted as short-term and of low value and lease payments are recognized as expense on a straight-line basis over the lease term.

Rent expense charged to operations amounted to P166,850, P144,384 and P149,009 in 2022, 2021 and 2020, respectively (see Note 12).

The Company has a refundable security deposit of P45,466 as at December 31, 2022 and 2021 (see Note 9) and prepaid rent of nil and P115,939 as at December 31, 2022 and 2021, respectively (see Note 7).

At year-end, the Company has an outstanding commitments under noncancellable operating leases that fall due as follows:

| | 2022 | 2021 | 2020 |
|--------------------------------------|-------------|----------|----------|
| Within 1 year | P- | P115,939 | P102,775 |
| Later than 1 year but within 5 years | - | - | - |
| | P- | P115,939 | P102,775 |

16. Related Party Disclosure

Related party relationships exist 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 relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders.

In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties may be individuals or corporate entities.

The following are the details of related party transactions:

| | Period | Classification | Terms and conditions | Amount of the Transaction | Outstanding Balance |
|---------------|-------------|--------------------------------------|---|---------------------------|---------------------|
| Shareholders | 2022 | Advances from shareholders | Unsecured, noninterest-bearing, demandable, no term, payable in cash. | (P52,594,000) | P165,624,718 |
| | 2021 | | | 67,972,564 | 218,218,718 |
| APMC - Iloilo | 2022 | Advances to a related party (Note 6) | Unsecured, interest-bearing, no term, collectible in cash. | 457,200 | 622,067 |
| | 2021 | | | 129,867 | 164,867 |
| APMC - Aklan | 2022 | Advances to a related party | Unsecured, interest-bearing, payable in installment (see Note 6). | - | - |
| | 2021 | | | 40,000,000 | - |
| APMC - Aklan | 2022 | Interest income | | - | - |
| | 2021 | | | 180,822 | - |

The following are other relevant related party disclosures:

| Identification | Relationship | Business Purpose of Arrangement | Commitments |
|----------------|---------------------|--|----------------|
| Shareholders | Shareholder | Advances from shareholders in support for the Company's hospital building construction requirements. | No contract |
| APMC - Iloilo | Other related party | Reimbursement of expenses. | No contract |
| APMC - Aklan | Other related party | Loans provided to other related party for financing purposes. | Loan Agreement |

Advances from shareholders are payable upon demand. However, the Company is in the status of financing the construction of its hospital building, thus, settlement of advances is not the priority of the Company.

The Company also has a receivable from APMC - Iloilo amounting to P622,067 and P164,867 in 2022 and 2021, respectively, which pertains to the reimbursement of expenses incurred by the latter but paid by the Company.

The Company has advances to Asia Pacific Medical Center (APMC) - Aklan Inc. (APMC - Aklan) amounting to P40,000,000 which is unsecured and bears an interest of five percent (5%) per annum and payable on demand in 2021. The amount was also paid in 2021.

No allowance for doubtful accounts and bad debt expense were recognized in 2022 and 2021.

Compensation of Key Management Personnel

| | 2022 | 2021 | 2020 |
|--------------------------|--------------------|----------|------|
| Executive compensation | P13,554,000 | P666,000 | P- |
| Meetings and conferences | 9,662,500 | - | - |
| | P23,216,500 | P666,000 | P- |

17. Income Tax

The provision for income tax for 2022 and 2021 represents MCIT..

The following are the computations of RCIT:

| | 2022 | 2021 | 2020 |
|---|----------------------|--------------|---------------|
| Loss before income tax | (P32,391,598) | (P6,811,329) | (P10,221,495) |
| Deduct permanent differences on: | | | |
| Nondeductible representation | - | - | 8,500 |
| Interest income subjected to final tax | (99,383) | (334,081) | (1,502,458) |
| Taxable loss | (P32,490,981) | (P7,145,410) | (P11,715,453) |
| Tax due at 25% in 2022 and 2021, and 30% in 2020 | P- | P- | P- |

The following are the computations of MCIT:

| | 2022 | 2021 |
|----------------|---------------|----------|
| Taxable income | P4,917 | P180,822 |
| Tax due at 1% | P49 | P1,808 |

The reconciliation of the tax computed at statutory tax rate to provision for income tax follow:

| | 2022 | 2021 | 2020 |
|---|---------------------|--------------|--------------|
| Tax at applicable statutory income tax rate | (P8,097,900) | (P1,702,832) | (P3,066,449) |
| Additions to (reductions in) income taxes: | | | |
| Nondeductible representation | - | - | 2,550 |
| Interest income subjected to final tax | (24,847) | (83,521) | (450,737) |
| Unrecognized deferred tax assets | 8,122,796 | 1,788,161 | 3,514,636 |
| | P49 | P1,808 | P- |

As at December 31, 2022, the Company has NOLCO which can be carried forward as a deduction for the next three consecutive taxable years immediately following the year of such loss, under certain conditions, as provided under Section 34(D) of the Tax Code. Details are as follows:

| Date Incurred | Amount | Applied/ Expired | Remaining Balance | Expiry Date |
|-------------------|--------------------|---------------------|----------------------|-------------|
| December 31, 2022 | P32,490,981 | P- | P32,490,981 | 2025 |
| December 31, 2019 | 6,915,819 | (6,915,819) | - | 2022 |
| | P39,406,800 | (P6,915,819) | P32,490,981 | |

As at December 31, 2022, the Company has NOLCO in taxable year 2021 and 2020 which can be carried forward as a deduction for the next five consecutive taxable years immediately following the year of such loss, pursuant to the Bayanihan to Recover As One Act. Details are as follows:

| Date Incurred | Amount | Applied/ Expired | Remaining Balance | Expiry Date |
|-------------------|--------------------|---------------------|----------------------|-------------|
| December 31, 2021 | P7,145,410 | P- | P7,145,410 | 2026 |
| December 31, 2020 | 11,715,453 | - | 11,715,453 | 2025 |
| | P18,860,863 | P- | P18,860,863 | |

Details of Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

| Date Incurred | Amount | Applied/ Expired | Remaining Balance | Expiry Date |
|-------------------|--------|---------------------|----------------------|-------------|
| December 31, 2022 | P49 | P- | P49 | 2025 |
| December 31, 2021 | 1,808 | - | 1,808 | 2024 |
| | P1,857 | P- | P1,857 | |

The management believes that the Company will not be able to realize the tax benefits from NOLCO and MCIT in the future. The Company provided full valuation allowance on its NOLCO and MCIT, thus, no deferred tax asset was set up.

18. Loss Per Share

Basic loss per share is computed as follows:

| | 2022 | 2021 | 2020 |
|--|---------------|--------------|---------------|
| Net loss | (P32,391,647) | (P6,813,137) | (P10,221,495) |
| Weighted average number of shares outstanding | 204,275 | 123,000 | 96,000 |
| Basic loss per share | (P158.57) | (P55.39) | (P106.47) |

There were no common stock equivalents outstanding that would require calculation of diluted loss per share.

19. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities:

| | 2021 | Cash flows | Foreign exchange movement | 2022 |
|-------------------------------|--------------|---------------|---------------------------------|--------------|
| Advances from shareholders | P218,218,718 | (P52,594,000) | P- | P165,624,718 |
| Loans payable | - | 356,640,000 | - | 356,640,000 |
| | P218,218,718 | P304,046,000 | P- | P522,264,718 |

| | 2020 | Cash flows | Foreign exchange movement | 2021 |
|-------------------------------|--------------|-------------|---------------------------------|--------------|
| Advances from shareholders | P150,246,154 | P67,972,564 | P- | P218,218,718 |

20. Impact of Coronavirus of 2019 (COVID-19) Update

The Company has been exposed to the risks brought about by COVID-19, a novel strain of coronavirus, which has rapidly spread worldwide and reached a pandemic magnitude as it continues to affect more and more countries and territories.

On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID-19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of March 16, 2020 until May 15, 2020. Bacolod City is under various quarantine classifications up to present. As of to date, Bacolod City is under Alert Level 1 quarantine classification.

The enhanced community quarantine, travel restrictions, temporary closure of different establishments, and social distancing measures imposed by the government exposed the Company's operations to risks that may impact its financial performance.

The construction of Company's hospital building has started in February 2020. However, due to COVID-19 outbreak, delivery of construction supplies was postponed and deployment of engineers and construction workers were postponed resulting to a delay in the construction of the hospital building. Upon the lifting of some quarantine restrictions particularly sea travel, the contractor continues the construction and catches up with the delay.

The events surrounding the outbreak did not have a significant impact to the Company's financial position and performance as at and for the year ended December 31, 2022. Nevertheless, the Company will continue to monitor the situation.

21. Events After the End of the Reporting Period

No events occurred between the statements of financial position date and the date on which these financial statements were approved by the Company's Board of Directors that would require adjustments to or disclosure in the financial statements.

22. Reclassification of Account

The following accounts on December 31, 2021 have been reclassified to conform with the December 31, 2022 financial statement presentation:

| Reclassified From | Reclassified To | Amount |
|--|---|-------------|
| Advances to a related party (under receivables) | Advances to a related party (presented under current assets) | P164,867 |
| Advances to contractors (under receivables) | Advances to contractors (presented under current assets) | 55,941,787 |
| Input VAT (under other current assets) | Input VAT (presented under current assets) | 13,750,537 |
| Retention payable (under trade and other payables) | Retention payable (presented under current liabilities) | 8,945,544 |
| Advances from stockholders (presented under current liabilities) | Advances from stockholders (presented under noncurrent liabilities) | 218,218,718 |

23. Supplemental Information Required Under Revenue Regulation Nos. 15-2010 and 19-2011

Revenue Regulation 15-2010

On November 25, 2010, the BIR issued Revenue Regulation (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. These supplemental information, which are additions to the disclosures required under PFRS, are presented as follows:

VAT Output Tax

The Company has not yet started commercial operations and has no receipts subject for output tax.

VAT Input Tax

The Company has input tax from current year's domestic purchases amounting to P23,155,242.

Taxes on Importation

In 2022, the Company has not imported goods for business use. No customs duties and tariff fees were accrued or paid during the year.

Excise Tax

The Company does not have excise tax in 2022 since it does not have any transactions which are subject to excise tax.

Withholding Taxes

The details of total withholding taxes are as follows:

| | |
|---------------------------|-------------------|
| Compensation and benefits | P142,884 |
| Creditable - at source | 2,200,211 |
| | <u>P2,343,095</u> |

Documentary Stamp Tax

The Company paid documentary stamp tax for the subscription of share capital amounting to P66,800 in 2022.

Taxes and Licenses

The details of taxes and licenses included in expenses are as follows:

| | |
|-----------------------|-----------------|
| Real property tax | P241,680 |
| Documentary stamp tax | 66,800 |
| Business permit | 12,975 |
| Annual registration | 500 |
| Others | 10,319 |
| | <u>P332,274</u> |

Deficiency Tax Assessment

The Company does not have any deficiency tax assessments with BIR or tax cases outstanding or pending in courts or bodies outside of the BIR as of December 31, 2022.

Revenue Regulation 19-2011

Revenue Regulation No. 19-2011 was issued to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with December 31, 2011, and to modify Revenue Memorandum Circular No. 57-2011 dated November 25, 2011.

The following are the schedules prescribed under existing revenue issuances applicable to the Company as at December 31, 2022:

Revenue

The Company has not yet started commercial operations and did not earn any revenue.

Cost of Sales

The Company has not yet started commercial operations and did not incur any cost of sales.

Non-operating and Taxable Other Income

The Company has non-operating and taxable other income amounting to P4,917.

Itemized Deductions

Details of the Company's itemized deductions for the year are as follows:

| | Exempt | RCIT |
|--------------------------------|--------|-------------|
| Meetings and conferences | P- | 13,663,544 |
| Executive compensation | - | 13,554,000 |
| Professional fees | - | 1,431,036 |
| Salaries and wages | - | 1,347,589 |
| Communication, power and water | - | 1,134,965 |
| Taxes and licenses | - | 332,274 |
| Marketing | - | 225,597 |
| Rentals (Note 13) | - | 166,850 |
| Depreciation (Note 8) | - | 138,041 |
| Office supplies | - | 126,267 |
| SSS/Philhealth/HDMF expense | - | 104,993 |
| Transportation and travel | - | 69,708 |
| Repairs and maintenance | - | 4,650 |
| Miscellaneous | - | 196,384 |
| | P- | P32,495,898 |

Taxes, fees and charges presented as part of "Expenses" account in the Company's statement of comprehensive income include the following:

| | Exempt | RCIT |
|-----------------------|--------|----------|
| SEC filing fees | P- | P241,680 |
| Documentary stamp tax | - | 66,800 |
| Business permit | - | 12,975 |
| Annual registration | - | 500 |
| Others | - | 10,319 |
| | P- | P332,274 |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.*(Formerly Allied Care Experts Medical Center-Bacolod Inc.)***Schedule A – Financial Assets****December 31, 2022**

| Name of Issuing Entity and Association of Each Issue | Number of Shares or Principal Amounts of Bonds and Notes | Amount Shown in the Statement of Financial Position | Value based on Market Quotations at End of Reporting Period | Income Received and Accrued |
|--|--|---|---|-----------------------------|
| <i>Cash and cash equivalents</i> | | | | |
| Cash in banks | Not applicable | P34,906,249 | Not applicable | P62,710 |
| Time deposits | Not applicable | 55,036,673 | Not applicable | 36,673 |
| | | P89,942,922 | | P99,383 |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

**Schedule B – Amounts Receivable from Directors, Officers, Employees, Related Parties,
and Principal Stockholders**

December 31, 2022

| Name and Designation of Debtor | Balance at Beginning of Period | Additions | Amounts Collected | Amounts Written Off | Current | Not Current | Balance at End of Period |
|--------------------------------|--------------------------------|-----------|-------------------|---------------------|----------|-------------|--------------------------|
| APMC - Iloilo | P164,867 | P457,200 | P– | P– | P622,067 | P– | P622,067 |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

**Schedule C – Amounts Receivable from and Payable to Related Parties which are
Eliminated during the Consolidation of Financial Statements
December 31, 2022**

| Name and Designation of Debtor | Balance at Beginning of Period | Additions | Amounts Collected | Amounts Written Off | Current | Not Current | Balance at End of Period |
|--------------------------------------|--------------------------------------|-----------|----------------------|------------------------|---------|----------------|--------------------------------|
| Not applicable | | | | | | | |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

Schedule D – Long Term Debt

December 31, 2022

| 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 |
|---------------------------------------|--------------------------------|---|--|
| Loan | P356,640,000 | P– | P356,640,000 |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

Schedule E – Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2022

| Name of related party | Balance at Beginning of Period | Balance at End of Period |
|-----------------------|--------------------------------|--------------------------|
| Not applicable | | |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

Schedule F – Guarantees of Securities and Other Issues

December 31, 2022

| 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 |
|---|--|---|---|------------------------|
| | | Not applicable | | |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.***(Formerly Allied Care Experts Medical Center-Bacolod Inc.)*****Schedule G – Capital Stock****December 31, 2022**

| Title of Issue | Number of Shares Authorized | Number of Shares Issued and Outstanding under related Statement of Financial Position caption | Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights | Number of Shares Held By | | |
|----------------|-----------------------------|---|--|--------------------------|-----------------------------------|---------|
| | | | | Related Parties | Directors, Officers and Employees | Others |
| Founder | 600 | 600 | – | – | 224 | 376 |
| Common | 239,400 | 203,950 | – | – | 96,751 | 107,199 |
| | 240,000 | 204,550 | – | – | 96,975 | 107,575 |

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

MAP OF THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN

THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2022

Not Applicable

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

As of December 31, 2022

Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
BS Aquino Drive, Bacolod City, Negros Occidental

| | |
|----------------------------|----------------------|
| Deficit, beginning | (P26,499,633) |
| Net loss during the period | (32,391,647) |
| DEFICIT, END | (P58,891,280) |

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
As of December 30, 2022

| Financial KPI | Definition | December 31, 2022 | December 31, 2021 |
|------------------------------|---|----------------------|----------------------|
| Current ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 0.62:1 | 0.38:1 |
| Acid test ratio | $\frac{\text{Current Assets} - \text{Prepayments}}{\text{Current Liabilities}}$ | 0.62:1 | 0.38:1 |
| Solvency ratio | $\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$ | -0.05:1 | -0.03:1 |
| Debt-to-equity ratio | $\frac{\text{Total Liabilities}}{\text{Total Equity}}$ | 2.91:1 | 1.79:1 |
| Asset-to-equity ratio | $\frac{\text{Total Assets}}{\text{Total Equity}}$ | 3.91:1 | 2.79:1 |
| Interest rate coverage ratio | $\frac{\text{Operating EBITDA}}{\text{Net Interest}}$ | 3.58:1 | -13.89:1 |
| Return on assets | $\frac{\text{Net Income}}{\text{Average Total Assets}}$ | -5.49% | -2.10% |
| Return on equity | $\frac{\text{Net Income}}{\text{Average Total Equity}}$ | -19.01% | -6.44% |
| Net profit margin | $\frac{\text{Net Income}}{\text{Total Revenue}}$ | 0% | 0% |
| Operating EBITDA margin | $\frac{\text{Operating EBITDA}}{\text{Net Revenue}}$ | 0% | 0% |

ANNEX B

Summary of 2022 17-C Reports

| Date Reported | Subject |
|----------------------|--|
| April 11, 2022 | Appointment of Atty. Maylene B. Villanueva as Compliance Officer with the rank of Senior Vice President which is effective on 05 April 2022 and the Notice of Postponement of the 2022 Annual Stockholders' Meeting according to the by-laws |
| May 19, 2022 | Notice of the 2022 Annual Stockholders' Meeting; Non-material and Material Amendment of Simplified Registration Statement of the Issuer; and Financial Statements |
| August 17, 2022 | Appointment of Directors and Officers; Change of Business Address; Amendment of By-Laws; and 2022 Annual Stockholders' Meeting Voting Results |
| September 23, 2022 | Appointment of Investor Relations Officer and Lead Independent Director; Change of Official Email Address |
| November 22, 2022 | Replacement of Old Stock Certificates and Issuance of New Stock Certificates |
| February 1, 2023 | Postponement of the 2023 Annual Stockholders' Meeting and Notice of the 2023 Annual Stockholders' Meeting |