

MANAGEMENT REPORT AS OF 30 APRIL 2024

A. DESCRIPTION OF BUSINESS

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 04 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.

AMPCBI 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 30 April 2024, the total percentage of completion of the construction of the multi-disciplinary hospital being constructed by the Company is at 45.76% of the original area. On 23 December 2023, the Board of Directors approved the proposal to increase the area of the hospital to 41,001.41 sqm. due to the inclusion of works in the roof deck, helipad, bridges, assigned areas, and parking. Due to the increase in the floor area and escalation of prices of construction materials, the estimated total project cost increased, and in effect, the total physical percentage of the project completion is 38.198% as of this date. An application for an increase in bank loan was also proposed and approved by the Board of Directors. The application for the amendment of the prospectus to include these increases, both in the floor area and the bank loan, is currently pending.

APMCBI has not filed for bankruptcy, receivership nor has 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 meters 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 may be 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.

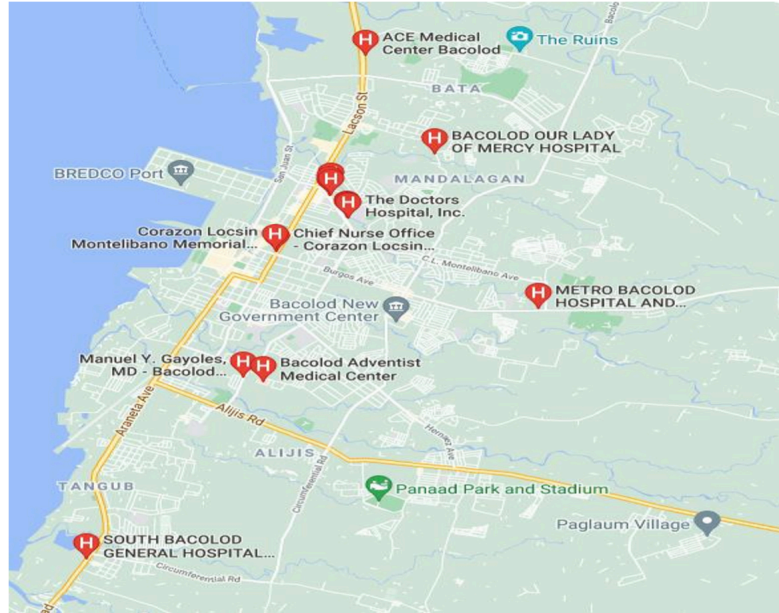
APMCBI will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation.

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 Lacson 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	120	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	40	Private	2
Metro Bacolod Hospital Medical Center	Burgos St, Bacolod, 6100 Negros Occidental	45	Private	2

Bacolod Queen of Mercy Hospital	Eroreco, Mandalagan, Bacolod City, 6100 Negros Occidental	60	Private	2
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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

The following are APMCI's major contractors and suppliers as of 30 April 2024.

Name of Supplier and Contractors	Nature of Product/Services Supplied
Innovadis, Inc.	Deformed Steel Bars
PEB Steel Buildings Co., Ltd.	Pre-engineered steel
Shenzhen Royal Golden Sun Import & Export Co., Ltd.	Generator Sets
Julant Pest Control Systems, Inc.	Soil treatment work and Supply and Installation of Anti-Termite Reticulation System
Ebara Pumps Philippines, Inc.	Supply of Plumbing and Drainage Pumps, Supply of Fire Protection Pumps
UNITAN Construction & Development Corporation	General Construction and basic architectural works
Bureau Veritas S.A.	Project Management Team and for Quantity Surveyor and project planning assistance
Domber Security Agency, Inc.	Security Manpower
Sophils General Merchandise (Pure 03 Philippines)	Sewage Treatment Plant Design, Supply and Construction

Jardine Schindler Elevator Corporation	Design, Manufacture, Delivery and Installation of Elevators
Silver Dragon Construction	Regular Bored Piling Works
Bacolod Pumps and Machinery Center	Drilling Job for water supply of Domestic Water Tank
Penetron Philippines Inc.	Waterproofing Supplier
Nemrac Trading	Fire Hose Cabinet Supplier
Engr. Leoner M. Ynzon	Electrical Design Contract
Engr. Eliseo A. Ybut	Structural Design Contract
Arch. Raymund Joseph L. Ureta	Architectural Design Contract
Engr. Raymond Conrad Sy Guan	Plumbing/Sanitary Design Contract
Engr. Roldan A. Basillote	Mechanical Design Contract
Engr. Vicente Y. Buenconsejo Jr.	General Electronics and Auxiliary Works Contract

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 APMCB I may source its supplies depending on its needs.

B. SECURITIES OF THE REGISTRANT

MARKET INFORMATION

The Company markets and offers 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.

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 Selling Price per Block	Proposed
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	

Six Hundred Sixty-Six (666) blocks of the first series had been sold at the price of Php 250,000.00 per block as of 30 April 2024. 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 Three Thousand Six Hundred (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.

The sale of the shares has been temporarily halted in 2023 due to the pendency of the amendment of the Prospectus.

The shares are sold on a fixed price per tranche and the last block of shares were sold at Php 250,000.00 per block.

However, the Company's Board of Directors in December 2023 resolved that after the first tranche of the IPO shares are sold out, a discount will be given to individual/corporate investors who purchase in cash at least twenty (20) blocks of shares of Asia-Pacific Medical Center Bacolod, Inc. from Three Hundred Thousand Pesos (Php 300,000.00) per block of shares to Two Hundred Eighty Thousand Pesos (Php 280,000.00) per block. The discount will be applied to four hundred five (405) blocks of shares out of the eight hundred (800) block of the second (2nd) tranche of the Initial Public Offer Shares.

Sales of Unregistered or Exempt Securities

The Company has no recent sale of unregistered or exempt securities. Neither was there a recent issuance of securities constituting an exempt transaction.

HOLDERS

There are approximately Thirty-Five (39) holders of Founder Shares and Six Hundred Sixty-One (661) holders of Common Shares of the company as of 30 April 2024.

The following founders are the top 20 stockholders of record and/or beneficial owners as of 30 April 2024:

STOCKHOLDERS		NATIONALITY	NUMBER OF SHARES		PERCENTAGE OF OWNERSHIP
1	BIRON, FERJENEL G.	FILIPINO	COMMON	56014	26.64%
			FOUNDER	98	
2	REGOZO, DANILO C.	FILIPINO	COMMON	5986	2.85%
			FOUNDER	20	
3	LAVALLE, AMADO JR. M.	FILIPINO	COMMON	4984	2.38%
			FOUNDER	20	
4	MAGBANUA, MA. LEILA M.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	16	
5	MAGALLANES, BEL MANUEL G.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
6	MALATA, MA. IVY V.	FILIPINO	COMMON	4915	2.34%
			FOUNDER	16	
7	PABICON, OLGA H.	FILIPINO	COMMON	4915	2.34%
			FOUNDER	16	
8	PACETE, JIMMY B.	FILIPINO	COMMON	4915	2.34%
			FOUNDER	16	
9	PEDROZA, DAVID G.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
10	TAD-Y, MAY CLAIRE R.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
11	RODRIGO, SHERWIN LOWE B.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
12	BALINAS, RHONA T.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	

STOCKHOLDERS		NATIONALITY	NUMBER OF SHARES		PERCENTAGE OF OWNERSHIP
13	ACHURRA, ALEXANDER KENT T.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
14	VILLANUEVA, MARIA TERESA D.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
15	ESPINOSA, WENDELL Z.	FILIPINO	COMMON	4916	2.34%
			FOUNDER	14	
16	GALVE, GREGORIO L.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
17	GEBUSION, ANTHONY C.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
18	GERMINAL, RODOLFO JR. F.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
19	JALEA, RUEL U.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	
20	JESENA, SALVE REGINA S.	FILIPINO	COMMON	4917	2.34%
			FOUNDER	14	

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN (MD & A) OR PLAN OF OPERATION AS OF 30 APRIL 2024

C. PLAN OF OPERATION

The company has had no revenue in the past six 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 provision of more ideal services once operational. The target completion date of the building was in the 2nd quarter of 2024. However, due to delays in the release of the DBP Loan which resulted in the delay in the construction, actual completion may be delayed until the first quarter of 2026. The change in the completion date will be reflected in the application for amendment of the prospectus of the Company.

The Company had 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 (P 1,188,800,000.00) 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.

The financial resources of the corporation during the next twelve (12) months will primarily be allocated for the completion of the hospital structure including its interiors, landscapes, and procurement of additional hospital equipment, medical instruments and furniture. Due to the proposed increase in the floor area and escalation of prices of construction material, the budget for the construction of the hospital increased to Two Billion Two Hundred Eight Million Eight Hundred Fifty-Six Thousand Nine Hundred and Seventy-Five Pesos (PhP 2,208,856,975.00). To meet such requirements, the Board of Directors resolved to apply for an additional loan from the Development Bank of the Philippines in the amount of Six Hundred Seventy Million Pesos (PhP 670,000,000.00) for a total loan of One Billion Eight Hundred Fifty-Eight Million Eight Hundred Thousand Pesos (PhP 1,858,800,000.00) for the hospital building. The existing 10-year term loan to finance acquisition of medical equipment and instruments was decreased to Three Hundred Fifteen Million Pesos (PhP 315,000,000.00). Hence, the total loan amount is Two Billion One Hundred Seventy-Three Million Eight Hundred Thousand Pesos (PhP 2,173,800,000.00) for both the main hospital building and medical equipment and instruments. Some founders manifested their willingness to extend loan to the Company if only to ensure the completion of the hospital.

Current financial position depends on the infusion of cash coming from the remaining shares from IPO and the release of the remaining tranches of loan from Development Bank of the Philippines. With the increasing cash demands, especially with the construction's increasing costs and other administrative expenses, the corporation must maximize all means to market more and sell offered shares to the public, which are now being offered at (Two Hundred Fifty Thousand Pesos) P250,000.00 per block. The company will promote investment in the hospital through social media, in addition to the active selling of shares by designated employees outlined in the Registration Statement. This approach aims to encourage public investment while ensuring adherence to Securities and Exchange Commission regulations governing the marketing of shares.

(2) MANAGEMENT DISCUSSION AND ANALYSIS

	Results of Operations			
	Mar 31, 2024	Dec. 31, 2023	Dec 31, 2022	Dec 31, 2021
Revenue	-	-	-	-
Direct Cost	-	-	-	-
Gross Profit	-	-	-	-
Other Income	15,708.00	391,160.00	104,300.00	514,903.00
Gross Income	15,708.00	391,160.00	104,300.00	514,903.00
Gen and Admin Expenses	(5,411,859.00)	(25,662,166.00)	(32,495,898.00)	(7,326,232.00)
Loss from operations	(5,396,151.00)	(25,271,006.00)	(32,391,598.00)	(6,811,329.00)
Income tax expense	-	(4,320.00)	(49.00)	(1,808.00)
Net loss for the period	-	-	-	-
Add (deduct) comp income(loss)	-	-	-	-
Total Comprehensive loss for the period	(5,396,151.00)	(25,275,326.00)	(32,391,647.00)	(6,813,137.00)

Statement of Financial Condition

ASSETS	Mar 31, 2024	Dec. 31, 2023	Dec 31, 2022	Dec 31, 2021
Current Assests	-			
Cash and cash equivalents	29,761,541.00	22,111,663.00	89,957,922.00	22,326,536.00
Advances to a related party	-	-	622,067.00	164,867.00
Advances to contractors	33,213,994.00	33,213,994.00	32,788,211.00	55,941,787.00
Input VAT	47,505,412.00	41,720,983.00	25,219,111.00	13,750,537.00
Other current assests	3,137,964.00	3,094,867.00	1,182,014.00	364,619.00
Noncurrent Assets	113,618,911.00	100,141,507.00	149,769,325.00	92,548,346.00
Property, Plant and Equipment(net)	955,203,850.00	875,317,823.00	652,810,597.00	284,645,878.00
Security Deposit	45,466.00	45,466.00	45,466.00	45,466.00
Total Noncurrent Assets	955,249,316.00	875,363,289.00	652,856,063.00	284,691,344.00
Total ASSETS	1,068,868,227.00	975,504,796.00	802,625,388.00	377,239,690.00
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	66,772,560.00	49,653,541.00	30,960,703.00	14,694,720.00
Retention payable	56,857,384.00	56,739,982.00	43,936,332.00	8,945,544.00
Income tax payable	-	4,320.00	49.00	1,808.00
Advances from Shareholders	307,661,039.00	226,133,559.00	165,624,718.00	218,218,718.00
Total Current Liabilities	431,290,983.00	332,531,402.00	240,521,802.00	241,860,790.00
Noncurrent Liability				
Loans payable	356,640,000.00	356,640,000.00	356,640,000.00	-
Total Liabilities	787,930,983.00	689,171,402.00	597,161,802.00	241,860,790.00
Equity				
Share Capital	210,660,000.00	210,660,000.00	189,994,866.00	161,878,533.00
Additional Paid in Capital	159,840,000.00	159,840,000.00	74,360,000.00	-
Deficit	(89,562,756.00)	(84,166,606.00)	(58,891,280.00)	(26,499,633.00)
Total Equity	280,937,244.00	286,333,394.00	205,463,586.00	135,378,900.00
Total Liabilities and Equity	1,068,868,227.00	975,504,796.00	802,625,388.00	377,239,690.00

The hospital is under construction. As at the end of March 31, 2024, the completion rate of the hospital is at 36.864%.

Results of operations comparative for March 31, 2024 as compared to March 31, 2023

	Mar 31, 2024	Mar 31, 2023	Horizontal Analysis		Vertical Analysis	
			Inc. (Dec)	%	Inc. (Dec)	%
Revenue	-	-	-	0%	N/A	N/A
Direct Cost	-	-	-	0%	N/A	N/A
Gross Profit	-	-	-	-	N/A	N/A
Other Income	15,708.00	62,857.00	(47,149.00)	-75%	N/A	N/A
Gross Income	15,708.00	62,857.00	(47,149.00)	-75%	N/A	N/A
Gen and Admin Expenses	(5,411,859.00)	(6,442,372.00)	1,030,513.00	-16%	N/A	N/A
Loss from operations	(5,396,151.00)	(6,379,515.00)	983,364.00	-15%	N/A	N/A
Income tax expense	-	-	-	-	N/A	N/A
Net loss for the period	-	-	-	-	N/A	N/A
Add (deduct) comp income(loss)	(5,396,151.00)	(6,379,515.00)	983,364.00	-15%	N/A	N/A
Total Comprehensive loss for the period	(5,396,151.00)	(6,379,515.00)	983,364.00	-15%	N/A	N/A

Other Income

The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits. The decrease that is reflected is normally due to the fluctuation of balances maintained during the year.

General and Administrative Expenses

Though the hospital is still not operating, there are already expenses incurred due to administrative and management transactions during the construction period. The decrease was because the meetings of directors were held remotely through Zoom.

Loss for the Year

Losses are incurred because the hospital is not yet operational and still in the construction phase. The expenses incurred are more than the meager interest (other) income earned by the company out of its deposit accounts. The loss during the period March 31, 2024 was a little bit lower as compared to the same period in 2023.

Results of operations comparative for December 31, 2023 as compared to December 31, 2022

			Horizontal Analysis		Vertical Analysis	
	Dec 31, 2023	Dec 31, 2022	Inc. (Dec)	%	Inc. (Dec)	%
Revenue	0	0	0	0.0%	N/A	N/A
Direct Cost	0	0	0	0.0%	N/A	N/A
Gross Profit					N/A	N/A
Other Income	391,160.00	104,300.00	286,860.00	275%	N/A	N/A
Gross Income	391,160.00	104,300.00	286,860.00	275%	N/A	N/A
Gen and Admin Expenses	(25,662,166.00)	(32,495,898.00)	6,833,732.00	-21%	N/A	N/A
Loss from operations	(25,271,006.00)	(32,391,598.00)	7,120,592.00	-22%	N/A	N/A
Income tax expense	(4,320.00)	(49.00)	(4,271.00)	8716%	N/A	N/A
Net loss for the period	-	-	-	-	N/A	N/A
Add (deduct) comp income(loss)	-	-	-	-	N/A	N/A
Total Comprehensive loss for the period	(25,275,326.00)	(32,391,647.00)	7,116,321.00	-22%	N/A	N/A

Other Income

The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits. The increase that is reflected is normally due to the fluctuation of balances maintained during the year and in interest income earned from loans provided to a related party.

General and Administrative Expenses

Though the hospital is still not operating, there are already expenses incurred due to administrative and management transactions during the construction period. The decrease in general and administrative expenses primarily due to the decrease in the face-to-face board meetings and conferences, and decrease in executive compensation.

Loss for the Year

Losses are incurred because the hospital is not yet operational and still in the construction phase. The expenses incurred are more than the meager interest (other) income earned by the Company out of its

deposit accounts and loan provided. The loss was lower on December 31, 2023 as compared to the same period in 2022.

Results of operations comparative for December 31, 2022 as compared to December 31, 2021

	Dec 31, 2022	Dec 31, 2021	Horizontal Analysis		Vertical Analysis	
			Inc. (Dec)	%	Inc. (Dec)	%
Revenue	-	-	-	0.0%	N/A	N/A
Direct Cost	-	-	-	0.0%	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
Gen and Admin 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					N/A	N/A
Add (deduct) comp income(loss)			-		N/A	N/A
Total Comprehensive loss for the period	(32,391,647.00)	(6,813,137.00)	- 25,578,510.00	375%	N/A	N/A

Other Income

The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits. The decrease that is reflected is normally due to the fluctuation of balances maintained during the year and no interest earned from loans provided to a related party.

General and Administrative Expenses

Though the hospital is still not operating, there are already expenses incurred due to administrative and management transactions during the construction period. The significant increase in expenses incurred during the year 2022 was due to the increase in the board meetings and conferences and compensation of directors as compared to the same period in 2021.

Loss for the Year

Losses are incurred because the hospital is not yet operational and still in the construction phase. The expenses incurred are more than the meager interest (other) income earned by the Company out of its deposit accounts. The losses were higher as of December 31, 2022 as compared to the same period in 2021 due to the material increase in general and administrative expenses.

Material Changes from Period to Period of FS with vertical and horizontal analyses of any material item (5%)

Changes in Financial Condition for March 31, 2024 as compared to March 31, 2023

ASSETS	Mar 31, 2024	Mar 31, 2023	Horizontal Analysis		Vertical Analysis	
			Inc. (Dec)	%	Inc. (Dec)	%
Current Assests						
Cash and cash equivalents	29,761,541.00	68,219,705.00	- 38,458,164.00	-56%	3%	8%
Advances to a related party	-	189,867.00	- 189,867.00	-100%	0%	0%
Advances to contractors	33,213,994.00	33,138,211.00	75,783.00	0%	3%	4%
Input VAT	47,505,412.00	28,080,504.00	19,424,908.00	69%	4%	3%
Other current assets	3,137,964.00	732,776.00	2,405,188.00	328%	0%	0%
Noncurrent Assets	113,618,911.00	130,361,063.00	- 16,742,152.00	-13%	11%	16%
Property, Plant and Equipment(net)	955,203,850.00	699,611,697.00	255,592,153.00	37%	89%	84%
Security Deposit	45,466.00	45,466.00	-	0%	0%	0%
Total Noncurrent Assets	955,249,316.00	699,657,163.00	255,592,153.00	37%	89%	84%
Total ASSETS	1,068,868,227.00	830,018,226.00	238,850,001.00	29%	100%	100%
-						
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	66,772,560.00	38,927,636.00	27,844,924.00	72%	6%	5%
Retention payable	56,857,384.00	43,936,332.00	12,921,052.00	29%	5%	5%
Income tax payable	-	49.00	- 49.00	-100%	0%	0%
Advances from Shareholders	307,661,039.00	142,205,004.00	165,456,035.00	116%	29%	17%
Total Current Liabilities	431,290,983.00	225,069,021.00	206,221,962.00	92%	40%	27%
Noncurrent Liability						
Loans payable	356,640,000.00	356,640,000.00	-	0%	33%	43%
Total Liabilities	787,930,983.00	581,709,021.00	206,221,962.00	35%	74%	70%
Equity						
Share Capital	210,660,000.00	210,660,000.00	-	0%	20%	25%
Additional Paid in Capital	159,840,000.00	102,920,000.00	56,920,000.00	55%	15%	12%
Deficit	(89,562,756.00)	(65,270,795.00)	- 24,291,961.00	37%	-8%	-8%
Total Equity	280,937,244.00	248,309,205.00	32,628,039.00	13%	26%	30%
Total Liabilities and Equity	1,068,868,227.00	830,018,226.00	238,850,001.00	29%	100%	100%

ASSETS

Cash and Cash Equivalents

Cash and other cash equivalents has always been directed to the construction of the hospital as payments for obligations and are used to cover the day to day operating and administrative expenses. With a lot of expenses and payables while in the construction phase, cash cannot retain its balance and eventually fluctuates. The decrease is due to the payment for construction related expenses and minimal collection of payments from the investors. Expectation in the increase of cash can only be determined once the hospital becomes operational.

Advances to Related Party

In 2023, APMC Aklan had a payable to the Company amounting to P189,867. These funds were used for the expenses incurred by the related party but were later paid in 2023. There was no allowance for doubtful accounts and bad debts recognized for the year 2024 and 2023.

Property and Equipment

The increase in property, plant and equipment of 37% as of March 31, 2024 was due to the increase in construction in progress for the period.

Input VAT

An increase in input VAT of 69% is due to the increased payment for construction related expenses for the period.

Other Current Assets

An increase in the other current assets by 328% from the period March 31, 2023 to the current period of March 31, 2024 is due to the increase in the deferred input VAT amounting to P19.4 million and prepaid taxes.

LIABILITIES

Trade and Other Payables

The accounts payable account is composed mostly of accounts payables, government liabilities and other payables. The balance of the account as of March 31, 2024 amounts to P66.8M which is P27.8M or 72% higher than what was on March 31, 2023. The increase was due to the compensation and per diems of directors incurred in the 1st quarter of 2024.

Retention Payable

Retention payable refers to the amount withheld by the Company from the contractors' periodic progress billings as provided for in their respective contract. The amount will be released to the contractors, net of deductions, if any, upon full completion and final acceptance by the Company. Retention Payable as at March 31, 2024 amounted to P56.8M, 29% higher compared to March 31, 2023 which amounted to P43.9M. The increase was due to the increase in construction related expenses incurred.

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. An increase in the advances from shareholders by P165 million or 116% from March 31, 2023 to March 31, 2024 was due to the increase in the amounts owed by the Company to its founding doctors.

EQUITY

Additional Paid In Capital

The additional paid in capital of the investors from the purchase of IPO shares increased by P56.9 million or 55% from March 31, 2023 to March 31, 2024.

Total Equity

There is an increase in the total equity of the Company from March 31, 2023 to March 31, 2024 by 13%. The increase by P32.6 million from the same period of the previous year resulted from the increase in additional paid in capital.

Changes in Financial Condition for December 31, 2023 as compared to December 31, 2022

ASSETS			Horizontal Analysis		Vertical Analysis	
	Dec. 31, 2023	Dec 31, 2022	Inc. (Dec)	%	Inc. (Dec)	%
Current Assests						
Cash and cash equivalents	22,111,663.00	89,957,922.00	- 67,846,259.00	-75%	2%	11%
Advances to a related party	-	622,067.00	- 622,067.00	-100%	0%	0%
Advances to contractors	33,213,994.00	32,788,211.00	425,783.00	1%	3%	4%
Input VAT	41,720,983.00	25,219,111.00	16,501,872.00	65%	4%	3%
Other current assets	3,094,867.00	1,182,014.00	1,912,853.00	162%	0%	0%
Noncurrent Assets	100,141,507.00	149,769,325.00	- 49,627,818.00	-33%	10%	19%
Property, Plant and Equipment(net)	875,317,823.00	652,810,597.00	222,507,226.00	34%	90%	81%
Security Deposit	45,466.00	45,466.00	-	0%	0%	0%
Total Noncurrent Assets	875,363,289.00	652,856,063.00	222,507,226.00	34%	90%	81%
Total ASSETS	975,504,796.00	802,625,388.00	172,879,408.00	22%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	49,653,541.00	30,960,703.00	18,692,838.00	60%	5%	4%
Retention payable	56,739,982.00	43,936,332.00	12,803,650.00	29%	6%	5%
Income tax payable	4,320.00	49.00	4,271.00	8716%	0%	0%
Advances from Shareholders	226,133,559.00	165,624,718.00	60,508,841.00	37%	23%	21%
Total Current Liabilities	332,531,402.00	240,521,802.00	92,009,600.00	38%	34%	30%
Noncurrent Liability						
Loans payable	356,640,000.00	356,640,000.00	-	0%	37%	44%
Total Liabilities	689,171,402.00	597,161,802.00	92,009,600.00	15%	71%	74%
Equity						
Share Capital	210,660,000.00	189,994,866.00	20,665,134.00	11%	22%	24%
Additional Paid in Capital	159,840,000.00	74,360,000.00	85,480,000.00	115%	16%	9%
Deficit	(84,166,606.00)	(58,891,280.00)	- 25,275,326.00	43%	-9%	-7%
Total Equity	286,333,394.00	205,463,586.00	80,869,808.00	39%	29%	26%
Total Liabilities and Equity	975,504,796.00	802,625,388.00	172,879,408.00	22%	100%	100%

ASSETS

Cash and Cash Equivalents

Cash and other cash equivalents has always been directed to the construction of the hospital as payments for obligations and used to cover the day to day operating and administrative expenses. With a lot of expenses and payables while in the construction phase, cash cannot retain its balance and eventually fluctuates. The decrease is due to the payment for construction related expenses and minimal collection of payments from investors. Expectation in the increase of cash can only be determined once the hospital becomes operational.

Advances to Related Party

In 2022, APMC Aklan had a payable to the Company amounting to P622,067. These funds were used for the expenses incurred by a related party but were later paid in 2023. There was no allowance for doubtful accounts and bad debts recognized for the year 2023 and 2022.

Property and Equipment

As at December 31, 2023, property, plant and equipment increased by 34% due to the increase in construction in progress and purchase of additional office equipment.

Other Current Assets

An increase in the other current assets by 162% from the period December 31, 2022 to the period December 31, 2023 due to the increase in deferred input VAT.

LIABILITIES

Trade and Other Payables

The accounts payable account is composed mostly of accounts payables, government liabilities, and other payables. The balance of the account as of December 31, 2023 amounts to P49.6M which is P30.9M or 60% higher than what was on December 31, 2022. The increase was due to the compensation and per diems of directors incurred for the period.

Retention Payable

Retention payable refers to the amount withheld by the Company from the contractors' periodic progress billings as provided for in their respective contract. The amount will be released to the contractors, net of deductions, if any, upon full completion and final acceptance by the Company. Retention payable as at December 31, 2023 amounted to P56.7M, 29% higher compared to December 31, 2022 which amounted to P43.9M.

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. An increase in the advances to the shareholders by P60.5 million or 37% from December 31, 2022 to December 31, 2023 was due to the increase in the amounts owed by the Company to its founding doctors.

EQUITY

Share Capital

Capital shares increased by 11% or P20.7M from December 31, 2022 to December 31, 2023 due to sale of IPO shares.

Additional Paid In Capital

The additional paid in capital of the investors from the purchase of IPO shares increased by P85.5M or 115% from December 31, 2022 to December 31, 2023 due to additional payment of investors of IPO shares and stock price more than its par value.

Total Equity

There is an increase in the total equity of the Company from December 31, 2022 to December 31, 2023 by 39% or 80.9M, due to sale of IPO shares at stock market price more than its par value.

Changes in Financial Condition for December 31, 2022 as compared to December 31, 2021

ASSETS			Horizontal Analysis		Vertical Analysis	
	Dec. 31, 2022	Dec 31, 2021	Inc. (Dec)	%	Inc. (Dec)	%
Current Assests		0.26				
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%
Noncurrent Assets	149,769,325.00	92,548,346.00	57,220,979.00	62%	19%	25%
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%
Total Noncurrent Assets	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						
Current Liabilities						
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%
Advances from Shareholders	165,624,718.00	218,218,718.00	- 52,594,000.00	-24%	21%	58%
Total Current Liabilities	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		44%	0%
Total Liabilities	597,161,802.00	241,860,790.00	355,301,012.00	147%	74%	64%
Equity						
Share Capital	189,994,866.00	161,878,533.00	28,116,333.00	17%	24%	43%
Additional Paid in Capital	74,360,000.00	-	74,360,000.00		9%	0%
Deficit	(58,891,280.00)	(26,499,633.00)	- 32,391,647.00	122%	-7%	-7%
Total Equity	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%

ASSETS

Cash and Cash Equivalents

Cash and other cash equivalents increased by 303% from the period December 31, 2021 to December 31, 2022. This was due to the first tranche of loan proceeds released by DBP in 2022.

Advances to Related Party

In 2022, APMC Iloilo had a payable to the Company amounting to P457,200. These funds were used for the expenses incurred by the related party. There was no allowance for doubtful accounts and bad debts recognized for the year 2021 and 2022.

Property and Equipment

As at December 31, 2022, the total amount used for the construction of the building is P652.8M. In 2021, year-end total was P284.6M. Additional costs recorded in 2022 amounted to P368.2M as an increase in construction in progress for the period.

Other Current Assets

An increase in the other current assets by 224% from the period December 31, 2022 to the period December 31, 2021, was due to the increase in Input VAT and prepaid tax for the period.

LIABILITIES

Trade and Other Payables

The accounts payable account is composed mostly of Accounts Payables, Government Liabilities and Other Payables. The balance of the account as of December 31, 2022 amounts to P30.9M which is P16.3M or 111% higher than what was on December 31, 2021 due to the increase in compensation and per diems of directors incurred for the period.

Retention Payable

Retention payable refers to the amount withheld by the Company from the contractors' periodic progress billings as provided for in their respective contract. The amount will be released to the contractors, net of deductions, if any, upon full completion and final acceptance by the Company. Retention payable as at December 31, 2022 amounted to P43.9M, 391% higher compared to December 31, 2021 which amounted to P8.9M due to the increase in construction related payable for the period.

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. A decrease in the advances to shareholders by P52.5M or 24% from December 31, 2021 to December 31, 2022 was due to the adjustments made for the reclassification in the amounts owed by the Company to its founding doctors.

EQUITY

Share Capital

Capital shares increased by 17% or P28M from December 31, 2021 to December 31, 2022.

Additional Paid In Capital

The additional paid in capital of the investors increased by P74.4M from December 31, 2021 to December 31, 2022 due to SEC granting the Company the license to sell IPO shares.

Total Equity

There is an increase in the total equity of the company from December 31, 2021 to December 31, 2022 by 52%.

Key Performance Indicators (KPIs)

The manner by which the Company calculates the above indicator is as follows:

Key Performance Indicators	Definition	Formula
Quick Asset Ratio	the capacity of the company to cover its short term obligations using only its most liquid assets	$[(\text{cash} + \text{cash equivalent} + \text{AR}) / \text{current liabilities}]$
Current Ratio	the company's capacity to meet current obligations out of its liquid assets	$(\text{current assets} / \text{current liabilities})$
Debt to Equity Ratio	The proportion of the total assets financed by creditors.	$(\text{total debt} / \text{total assets})$
Net Profit Margin	This is the ability of the company to generate surplus for the stockholders.	$(\text{net income} / \text{sales})$
Return on Assets	a profitability ratio that provides how much profit a company can generate from its assets	$(\text{net income} / \text{average total assets})$
Return on Equity	This is the ability of the company to generate returns on investments of the stockholders.	$(\text{net income} / \text{stockholder's equity})$
Debt to Total Asset Ratio	The proportion of the total assets financed by creditors.	$(\text{total debt} / \text{total assets})$
Asset to Equity Ratio	Indicator of the overall financial stability of the company.	$(\text{total assets} / \text{equity})$
Interest Rate Coverage	Measures the company's ability to meet its interest payments.	$(\text{earnings before interest and taxes} / \text{interest expense})$

	Mar 2024	Dec 2023	Dec 2022	Dec 2021
Liquidity Ratios				
<i>Quick Asset Ratio -</i> The ratios for the quick asset for the 4 periods presented does not necessarily reflect a good number. This, however, is due to the fact that the company is still building its hospital and its resources are being used for this construction.	0.71:1	0.07:1	0.38:1	3.91:1
<i>Current Ratio -</i> At present, cash and other current assets are being utilized for the construction of the hospital as well as for the other administrative expenses of the Company. This is the reason why the current ratio of the company shows a not so attractive result. It is expected to be better when the hospital starts its operations.	0.26:1	0.30:1	0.62:1	3.32:1
Solvency Ratios				
<i>Debt to Equity Ratio -</i> The company's long term debts is fully covered by the company's equities. The ongoing hospital construction has led to an increase in the construction in progress account, representing a significant allocation of the company's resources.	2.80:1	2.41:1	2.91:1	1.79:1
Profitability Ratios				
<i>Net Profit Margin -</i> The Company is still in the construction phase, with no revenue being generated, resulting in a zero percent net profit margin for the years 2021, 2022, 2023 and 2024.	0%	0%	0%	0%
<i>Return on Assets-</i> Given the Company's ongoing construction phase, there is an increase in the negative return on assets for periods which still signifies continued investment in construction without immediate profitability.	-0.59%	-2.84%	-5.49%	-2.10%
<i>Return on Equity -</i> The hospital is not yet operational, hence, the financial ratios show negative results for all the periods. This shows the company is spending most of its assets in construction.	-8.83%	-10.28%	-19.01%	-6.44%
Leverage Ratios				
<i>Debt to Total Asset Ratio -</i> Since the company has increased its construction in progress. The ongoing hospital construction has led to an increase in the construction in progress account, representing a significant allocation of the company's resources.	0.8	0.37:1	0.44:1	3.32:1
<i>Asset to Equity Ratio -</i> 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.	3.52:1	3.41:1	3.91:1	2.79:1
<i>Interest Rate Coverage -</i> The decrease in the interest coverage ratio from 2022 to 2023 can be attributed to the significant ongoing construction projects throughout the present year. These projects have likely increased the company's interest expenses while its earnings before interest and taxes (EBIT) may have been impacted by the temporary disruption or delay in operations due to construction activities. As a result, the company's ability to cover its interest payments with its operating income has decreased, leading to the lower ratio. Once the construction projects are completed and operations resume or expand, it is expected that the interest coverage ratio will improve.	0.75:1	0.99:1	3.58:1	13.89:1

As of 31 March 2024

1. The company is still in the process of constructing the hospital. It cannot be avoided to incur losses due to the current status of construction. However, projections for the hospital are quite brighter when it opens its doors to the public.
2. The company has not been involved in any legal proceedings, tax, and/ or regulatory assessments.
3. The company has not yet availed of the additional loan from Development Bank of the Philippines.
4. Presently, there is no default and acceleration of an obligation.
5. There is no significant element of income loss from operations yet since the hospital is still in the construction phase.
6. The company has no investments on foreign securities.

2022 compared to 2021

The SEC approved the increase in the capitalization of the company from P120,000,000.00 to P240,000,000.00 in September 2021. Funds increased due to the release of the first tranche of loan from the Development Bank of the Philippines in June 2022.

December 31, 2023 compared to December 31, 2022

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 Initial Public Offering (IPO). By December 2023, a total of 6,660 IPO shares were sold and subscribed out of 240,000 shares for the first tranche of the IPO for sale. The Company is registered with the Board of Investments as a New Operator of General Hospital Level 2 under Corporate Recovery and Tax Incentives for Enterprises Act and the Omnibus Investment Code of 1987 on October 23, 2023.

Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

The hospital's liquidity is affected by ongoing construction, impacting immediate financial flexibility. Uncertainties arise from the following:

1. Construction Costs

Fluctuations in construction costs due to factors such as volatility of material prices, labor availability, and regulatory requirements can affect the overall budget and liquidity of the hospital.

Implementing stringent cost-control measures, such as renegotiating contracts with suppliers and contractors, will mitigate the impact of cost fluctuations on liquidity. Additionally, the Company had a bidding process to allow the selection of cost-effective yet reliable Contractors.

2. Project Timeline

Delays or unforeseen obstacles in the construction timeline can prolong the period during which funds are tied up, potentially increasing liquidity constraints.

Employing project management strategies to minimize delays, such as proactive risk assessment and contingency planning, will ensure timely completion and minimize liquidity strain. The Company also had been engaging a Project Management Team (Bureau Veritas) to assist in overseeing the construction process efficiently.

3. Financing Arrangements

The hospital's financing arrangements for the construction project, including loan terms and interest rates, can impact its current liquidity position and future financial obligations.

Exploring alternative financing options or renegotiating loan terms with lenders to optimize liquidity management and minimize financial strain. The Company had applied for an additional loan with DBP to address immediate liquidity needs and support the construction project. In the event that the loan is not approved, the Founders have expressed their willingness to extend advances to ensure the project's continuity and mitigate liquidity constraints.

4. Market Conditions

Economic conditions and market fluctuations can influence the availability of financing options, interest rates, and the overall cost of capital, affecting the hospital's liquidity.

Monitoring market conditions closely and adapting finance strategies accordingly, such as locking in favorable interest rates or diversifying financing sources, to mitigate market-related risks. Additionally the Company has potential partnerships with other APMC Hospitals and collaboration opportunities with other healthcare organizations that can secure additional investors, and funding, and enhance financial resilience.

6. Regulatory Environment

Changes in regulatory requirements or compliance standards during the construction phase could lead to additional costs or delays, impacting the hospital's liquidity and financial planning.

Staying abreast of regulatory updates and proactively adjusting construction plans and budgets so as to ensure compliance and mitigate potential regulatory risks to liquidity. The addition of pandemic readiness systems in the hospital as well as BFP requirements are necessary for the safety of the hospital ensuring compliance with the regulations and enhancing overall resilience with unforeseen future challenges.

7. Demand Projection

Uncertainties in future patient demand and healthcare needs may introduce variability in revenue projections, affecting the hospital's ability to manage liquidity effectively during the construction period and beyond.

Conducting thorough market analysis and scenario planning to forecast demand trends accurately, will enable the hospital to adapt its liquidity management strategies proactively to changing demand dynamics. The collaborative network of medical investors also contributes to a mutually supportive environment, ensuring sustainable patient volumes and collective support for the hospital's financial stability

Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

The non-approval of the additional loan with DBP poses significant challenges for the hospital's construction project and financial stability. To address this, the hospital will (a) Explore alternative financing options, such as loans from other institutions or related parties and its Founders; (b) Implement stringent cost-control measures and optimize project management strategies to minimize delays and cost overruns; (c) Engage with stakeholders, including investors and regulatory authorities, to garner support and explore potential solutions; and (d) Continuously monitor financial performance and market conditions, adapting strategies as needed to navigate uncertainties effectively.

By taking these proactive measures, the hospital can mitigate the impact and ensure the completion of its construction project.

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.

Material commitments for capital expenditures, general purpose of such commitment expected sources of funds for such expenditure

The following are the relevant and related material commitments for capital expenditures:

1. The increased floor area and system upgrades aimed at pandemic readiness directly contribute to capital expenditures. These enhancements are considered necessary to meet regulatory requirements and ensure the hospital's preparedness for public health emergencies, aligning with the hospital's commitment to providing safe and high-quality healthcare services.
2. The aim to achieve the Joint Commission International (JCI) accreditation, a prestigious recognition of the hospital's commitment to excellence in patient care and safety, necessitates upgrades to the hospital's facilities and infrastructure to meet international standards, making investments in facility development critical for achieving this accreditation and enhancing the hospital's reputation.

The expected sources of funds for capital expenditures are the following:

1. The release of remaining DBP loan tranches provides a reliable source of funding to cover construction costs and infrastructure upgrades. The loan agreement with DBP was specifically secured to finance the construction project, making the release of remaining tranches crucial for fulfilling capital expenditure commitments and ensuring project completion.
2. The approval of an additional loan from DBP offers an alternative financing option to support capital expenditures and cover any budget shortfalls. Access to additional funding from a trusted financial institution provides flexibility in managing capital expenditures.
3. The Founders' willingness to advance funds represents an internal source of financing to support capital expenditures and project development. Leveraging the Founders' financial support demonstrates their commitment to the hospital's success and underscores their confidence in the project's potential returns, providing additional capital for necessary expenditures.
4. Attracting new investors through the over the counter sales being made by employees designated as sales persons can inject fresh capital into the hospital, providing a source of funds for capital expenditures. The infusion of capital from new investors enhances the hospital's financial resources, enabling it to fund additional capital expenditures.

Significant Elements of Income or Loss (from continuing operations)

Since the hospital is not yet operational, the significant elements of income would primarily stem from investments made by investors and founders, the release of the next tranches of the loan with the DBP, and the potential approval of the additional loan application to the DBP.

Regarding potential elements of loss, significant expenses would likely arise from construction costs, including any additional expenses incurred due to regulatory compliance requirements. Delays in the construction timeline could prolong the period without revenue generation, leading to a loss of potential income. Additionally, market-related risks could impact financing options and increase borrowing costs, contributing to financial strain during the pre-operational phase.

Nonetheless, the losses are expected to be mitigated if not offset by the tax incentives that the Company will enjoy by virtue of the registration of the Hospital Project with the Board of Investments entitling it with entitled to six (6) years Income Tax Holiday (ITH), followed by five (5) years of Enhanced Deductions (ED) from the actual start of commercial operation, and eleven (11) years Duty Exemption on importations of capital equipment, raw materials, spare parts or accessories from date of registration.

Any Known Trends, Events or Uncertainties (Material Impact on Sales)

1. Extended construction timelines beyond initial projections can delay the hospital's opening, resulting in deferred sales and revenue. Any unforeseen obstacles or delays in the construction process may prolong the period without generating sales.
2. Once the company starts to operate the following factors may have a material impact on sales:

- i. Delays in obtaining regulatory approvals necessary to commence operations can significantly impact sales projections. Uncertainties surrounding the timing of regulatory approvals may lead to prolonged periods of inactivity, delaying revenue generation from patient services.
- ii. Changes in market demand for healthcare services, influenced by factors such as population growth, demographic shifts, and healthcare trends, can affect sales projections. Uncertainties surrounding future patient volumes may lead to fluctuations in sales forecasts.
- iii. The entry of new competitors or changes in the competitive landscape within the healthcare industry can impact sales projections. Increased competition may require adjustments to sales strategies and pricing models to attract patients once the hospital becomes operational.
- iv. Economic downturns or recessions can affect consumer spending behavior and healthcare utilization patterns, influencing sales projections for the hospital. Uncertainties surrounding economic conditions may require cautious forecasting and contingency planning.
- v. Changes in government policies, healthcare regulations, or reforms can have a significant impact on sales projections. Policy changes affecting healthcare financing, reimbursement rates, or insurance coverage may influence patient demand and sales expectations.
- vi. Public health events, such as pandemics or disease outbreaks, can disrupt healthcare services and patient volumes, affecting sales projections for the hospital. Uncertainties surrounding the timing and severity of public health events may require contingency planning to mitigate potential impacts on sales.

Seasonal Aspects that has Material Effect on the FS

The hospital faced various external factors that significantly impacted its financial statements:

1. Inflationary pressures in fuel, basic necessities, and construction materials affected the project's budget, leading to higher-than-anticipated construction expenses.
2. The hospital experienced an increase in interest rates on the DBP loans during the construction period, resulting in higher borrowing costs and financial strain.
3. Contracts denominated in foreign currencies, particularly US dollars, subjected the hospital to exchange rate fluctuations, contributing to increased project expenses.

Item 7. Financial Statements

The 2023 Audited Financial Statements of the Company (with the External Auditors' PTR, Name of Certifying Partner and Address) and Statement of Management's Responsibility are attached hereto as Annex "E".

Information on Independent Accountant and Other Related Matters

(a) The auditing firm of Mendoza Querido & Co. (MQC) was recommended for election as external auditor for the year 2023 for a fee of Four Hundred Twenty Thousand Pesos (Php 420,000.00) VAT inclusive, and exclusive of out-of-pocket expenses.

(b) Mendoza Querido and Co. (MQC) CPAs represented by its engagement partner, Mr. Richard Querido is the external auditor of the company for the most recently completed year 2023. Pursuant to the rule SRC Rule 68 (3) (b) (iv) of the Amended Implementing Rules and

Regulations of the Securities and Regulation Code (SRC) (re: rotation of external auditors) the Company has not engaged Mr. Richard Querido for more than 5 years.

(c) Representatives of the said firm were present via Zoom at the Annual Stockholders' Meeting held last 11 June 2023 and had the opportunity to make a statement if they desire to do so, and were available to respond to appropriate questions. In 2023, the Company's auditors did not perform any substantial non-audit services for the Company.

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

Mendoza Querido and Company CPAs (MQC) has been the Independent Auditor of the Company from 2018 until 2022 when its secondary license as a registered issuer of securities has been approved with Mr. Richard S. Querido as the signing partner.

Mendoza, Querido & Co., CPAs was dissolved by resolution of the partners sometime on August 25, 2023. The Company was formally notified of the dissolution on January 23, 2024.

There were no disagreements with Mendoza, Querido & Co., CPAs since the time of their engagement on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope, and procedures. The same could be said of Querido, Diel & Co, CPAs for 2023.

After the dissolution of his old Audit firm, Mendoza, Querido and Co., Mr. Richard S. Querido, the Company's signing partner, established a new audit firm with other partners namely the Querido Diel & Co., CPAs (hereinafter "QDC"). The Company's Board of Directors approved the appointment of QDC in its Special Board Meeting on 4 February 2024 after the company had been informed of the approval of its accreditation on January 25, 2024.

EXTERNAL AUDIT FEES

Audit and Audit Related Fees

The Aggregate Fees billed are shown below:

Fees approved in connection with the assurance rendered by Querido Diel & Co. for the year ended December 31, 2023 amounted to Four Hundred Twenty Thousand Pesos (Php 420,000.00). Mendoza Querido Co. pursuant to the regulatory and statutory requirements for the years ended, December 31, 2022 amounted to Five Hundred Twenty-Four Thousand One Hundred and Sixty Pesos (Php 524,160.00) inclusive of twelve percent (12%) VAT. These expenses include printing, and travel allowances for auditors.

Year	2023	2022	2021
Audit Fees	420,000.00	524,160.00	336,000.00
Tax Fees	0	0	0
All other Fees	0	0	0

There were no tax or other engagements done by Mendoza, Querido & Co. CPAs and Querido Diel and Co. for the year 2023.

D. MANAGEMENT AND CERTAIN SECURITY HOLDERS

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

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

The table below set forth the members of the Company’s Board as of 30 April 2024.

NAME	POSITION	AGE	CITIZENSHIP	OCCUPATION	BUSINESS INSTITUTION
I. Abad, Alben Teodoro T.	Independent Director (Elected on 24 July 2021)	41	Filipino	Radiologist	Teresita L. Jalandoni Provincial Hospital

2. Balinas, Rhona T.	Director / Asst. Corp. Treasurer	65	Filipino	Anesthesiologist	Riverside Medical Center, Inc.; Queen of Mercy Hospital Bacolod; Adventist Medical Center Bacolod; The Doctors' Hospital, Inc.;
					Metro Bacolod Hospital and Medical Center; South Bacolod General Hospital
3. Biron, Ferjenel G.	Director / Chairman / CEO	59	Filipino	Businessman/ Congressman/ General Medicine	Aesthetical Manila, Inc.; Smartlab Diagnostics and Dialysis Center- Inc.; Botikang Pinoy, Inc.; Super BP Mart Corporation; Fourth (4th) District Representative of Iloilo
4. Encarnacion, Joseline C.	Independent Director (Elected on 24 July 2021)	66	Filipino	Internist	Medilink, Inc. (Clinic); Riverside Medical Center, Inc.; Queen of Mercy Hospital Bacolod; Adventist Medical Center Bacolod; The Doctors' Hospital, Inc.

5. Espinosa, Wendell Z.	Director	47	Filipino	Gastroenterologist	Teresita L. Jalandoni Provincial Hospital; The Doctors' Hospital, Inc.; Riverside Medical Center, Inc.; Adventist Medical Center – Bacolod; Queen of Mercy Hospital Bacolod; Metro Bacolod Hospital Medical Center
6. Gebusion, Anthony C.	Director	58	Filipino	Cardiologist	The Doctors' Hospital Inc.; Riverside Medical Center Inc.;
					Queen of Mercy Hospital; South Bacolod General Hospital
7. Lavilla, Meride D.	Director	61	Filipino	Pediatrician	Eros Building, General Luna St., Iloilo City (Clinic); St. Paul's Hospital Iloilo City; Mission Hospital Iloilo City; West Visayas State University Medical Center Iloilo City; Medicus Medical Center Iloilo City; Qualimed Medical Center Iloilo City

8. Magallanes, Bel Manuel G.	Director / Vice Chairman	54	Filipino	HENT Specialist	Medical Plaza Bacolod (Clinic); Riverside Medical Center, Inc.; Queen of Mercy Hospital Bacolod; Adventist Medical Center Bacolod; The Doctors' Hospital, Inc.; Metro Bacolod Hospital Medical and Center
9. Magbanua, Ma. Leila M.	Director / President	61	Filipino	IM Nephrologist	Riverside Medical Center, Inc. (MAB); Queen of Mercy Hospital Bacolod; The Doctors' Hospital, Inc.
10. Malata, Ma. Ivy V.	Director / Corporate Secretary	59	Filipino	Pediatrician	The Doctors' Hospital, Inc. (Clinic Central); Riverside Medical Center, Inc.; Queen of Mercy Hospital Bacolod;
					Adventist Medical Center Bacolod
11. Martyr, John Clifton U.	Independent Director (Elected on 22 August 2020)	56	Filipino	IM Pulmologist	The Doctors' Hospital, Inc.; Medilink, Inc.
12. Pabicon, Olga H.	Director / Corporate Treasurer	60	Filipino	IM Rheumatologist	Riverside Medical Center, Inc.

13. Pacete, Jimmy B.	Director	63	Filipino	Surgeon	The Doctors' Hospital, Inc.; Riverside Medical Center, Inc.; Queen of Mercy Hospital Bacolod; Adventist Medical Center Bacolod; Northway Building Bacolod (Clinic)
14. Regozo, Danilo C.	Director / Executive Vice President	61	Filipino	Family Medicine	Farmacia Neo, Tanza, Iloilo City (Clinic); Iloilo Doctors' Hospital; Iloilo Mission Hospital; St. Therese- MTC Colleges Hospital; The Medical City Iloilo; Medicus Medical Center Iloilo
15. Tad-y, May Claire R.	Director / Asst. Corporate Secretary	61	Filipino	OB-Gynecologist	The Doctors' Hospital, Inc. (Clinic Central); South Bacolod General Hospital; Queen of Mercy Hospital Bacolod; Adventist Medical Center Bacolod

All the above were elected as Board of Directors and Officers of the Corporation for the year 2023 until their successors are elected during the Annual Stockholders' Meeting of Asia-Pacific Medical Center Bacolod, Inc. (Formerly Allied Care Experts Medical Center - Bacolod Inc.) held on 11 June 2023. During the Special Board Meeting on the same day, all were re-elected as Directors and Independent Directors.

Other than the aforementioned Directors and Officers, the following persons occupy Key Management positions:

The table below sets forth the company's executive officers in addition to its executive directors listed above as of 30 April 2024.

NAME	POSITION	AGE	CITIZENSHIP	OCCUPATION	BUSINESS INSTITUTION
1. Maylene B. Villanueva	Compliance Officer	43	Filipino	Lawyer	Villanueva Balio and Ariston Law Offices
2. Ariel S. Malata	Data Protection Officer / Investor Relations Officer	50	Filipino	Business Office Manager	Asia-Pacific Medical Center Bacolod, Inc.
3. Ma. Jocelyn T. Sumugat	Chief Accounts Officer	67	Filipino	Certified Public Accountant	Asia-Pacific Medical Center Bacolod, Inc.

The Independent Directors of the Company as of 30 April 2024 are Dr. Alben Teodoro T. Abad, Dr. Joseline C. Encarnacion, and Dr. John Clifton U. Martyr.

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

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

As of 30 April 2024, APMCBI is not a party to, and its properties are not subject of, any material pending legal proceedings that could be expected to have a material adverse effect on APMCBI's financial performance. Moreover, 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 whose judgment has not been reversed, suspended or vacated.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

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

In April 2022, during its special board meeting after the issuance of the Permit to Offer Securities, the Board of Directors appointed its Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of good governance. The Company submitted its Manual on Corporate Governance on 27 September 2022.

In 2022, the Company established a Self-Assessment Survey by the Board of Directors and the Board Committees. This evaluation system aims to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance. The Board Performance Assessment which is accomplished by the Board of Directors indicates compliance ratings. It is submitted to the Compliance Officer who evaluates compliance with the Manual on Corporate Governance. Since then, the assessment has been done annually.

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. As the Company is not yet operational, the Board deems it necessary to preserve the current set-up. However, the Board will undertake various sessions and consultations with its Founders and Compliance Officer to review and deliberate on the necessary revisions on its Manual on Corporate Governance and establish timelines for compliance to ensure that it will be fully compliant with all the recommendations in the next few years.

In 2023, the Company had approved its Board Risk Oversight Committee Charter and Finance Committee Charters. In 2024, the Chairperson and Members of the said Committees were appointed.

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

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

The following trainings have been attended by its Directors and Officers:

SEC-ACCREDITED SEMINARS AND TRAINING OF THE BOD AND EXECUTIVE OFFICERS FOR 2023

	NAME	POSITION	DATE	NAME OF TRAINING	NO. OF HOURS	TOTAL NO. OF HOURS
	MA. LEILA M. MAGBANUA	President	August 15,22,29, September 5,12, 22, 2023	CGBP Certification Course for Tax Compliance Specialist	24.15	26 hrs 45 mins
			October 12-13, 2023	CGBP Simplified Guide to Parliamentary Procedures for Highly Effective Corporate Meetings	6.3	
2.	DANILO C. REGOZO	Executive Vice President	July 18-19, 2023	ICD Finance for Directors	8	8 hrs
3.	BEL MANUEL G. MAGALLANES	Vice Chairman	May 23, 2023	CGBP Best Practices in Developing Competency-Based HR Programs	3	9 hrs 30 mins
			November 29 & 30, 2023	CGBP Best Practices in Complaints Management	6.3	
4.	MA. IVY V. MALATA	Corporate Secretary	July 26-27, 2023	ICD Technology Governance for Directors and Officers (Raging 2023 Technology Challenges)	4	10 hrs 30 mins
			October 12-13, 2023	CGBP Simplified Guide to Parliamentary Procedures for Highly Effective Corporate Meetings	6.3	
5.	MAY CLAIRE R. TAD-Y	Assistant Corporate Secretary	August 24-25, 2023	CGBP Masterclass on Writing Minutes of the Meetings for Board, Management, and All other types of Meetings	6.3	13 hrs
			October 12-13, 2023	CGBP Simplified Guide to Parliamentary Procedures for Highly Effective Corporate Meetings	6.3	
6.	OLGA H. PABICON	Corporate Treasurer	May 23, 2023	CGBP Best Practices in Developing Competency-Based HR Programs	3	9 hrs
			January 23, 2024	CGBP Governance Framework on Data Protection & Cybersecurity	3	
			March 1, 2024	CGBP Labor Law 2024 Updates and Compliance	3	
7.	RHONA T. BALINAS	Assistant Corporate Treasurer	July 18-19, 2023	ICD Finance for Directors	8	8 hrs
8.	JIMMY B. PACETE	Director	July 18-19, 2023	ICD Finance for Directors	8	8 hrs

9.	MERIDE D. LAVILLA	Director	September 1, 15, 2023	ICD ESG and Sustainability: How are they Different and How Companies Can Tackle Both?; ICD Sustainability Standards and Frameworks: How to Navigate the Alphabet Soup	4	10 hrs 30 mins
			December 14 - 15, 2023	CGBP Year-end Tax Updates & Compliance	6.3	
10.	WENDELL Z. ESPINOSA	Director	June 6-7, 2023	ICD Corporate Governance Orientation Program	8	8 hrs
11.	ANTHONY C. GEBUSION	Director	June 6-7, 2023	ICD Corporate Governance Orientation Program	8	8 hrs
12.	JOHN CLIFTON U. MARTYR	Independent Director	June 14, 2023	CGBP Board Directors' Guide for Audit Committees	3	9 hrs 30 mins
			September 28, 2023	CGBP Best Practices in Stakeholder Engagement using the Onion Diagramming Method	3.15	
			December 5, 2023	CGBP Going beyond Compliance and Reporting	3.15	
13.	JOSELINE C. ENCARNACION	Independent Director	June 14, 2023	CGBP Board Directors' Guide for Audit Committees	3	9 hrs 30 mins
			December 14 - 15, 2023	CGBP Year-end Tax Updates & Compliance	6.3	
14.	ALBEN TEODORO T. ABAD	Independent Director	July 26-27, 2023	ICD Technology Governance for Directors and Officers (Raging 2023 Technology Challenges)	4	9 hrs 30 mins
			November 30 - December 1, 2023	CGBP Best Practices in Complaints Management	6.3	
15.	ATTY. MAYLENE B. VILLANUEVA	Compliance Officer	August 15,22,29, September 5,12, 22, 2023	CGBP Certification Course for Tax Compliance Specialist	24.15	24 hrs 15 mins
16.	ARIEL S. MALATA	Data Privacy Officer / Investor Relations Officer	September 28, 2023	CGBP Best Practices in Stakeholder Engagement using the Onion Diagramming Method	3.15	3 hrs 15 mins

The Board and Key Management Officers is set to have a Strategic Planning Session sometime in the third quarter of 2024. Periodic reviews will be conducted to ensure that the policies and procedures of the Company remain relevant and efficiently executed. Should the preceding exercises determine that adjustments are warranted, the Board commits to make the necessary intervention.

The 2023 SEC Form 17-A shall be available at the above-stated company website. Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of the said 2023 SEC Form 17-A free of charge, except for exhibits attached which shall be charged at a reasonable cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

Asia-Pacific Medical Center Bacolod, Inc.
(Formerly: Allied Care Experts Medical Center Bacolod Inc.)
Room 4, Ground Floor, MC Metroplex Bldg., BS Aquino Drive,
Bacolod City, Negros Occidental 6100



Attention: Ma. Ivy V. Malata
Corporate Secretary