COVER SHEET

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MARY MEDIATRIX MEDICAL

CENTER, INC.

(Company's Full Name)

J.P. LAUREL HIGHWAY

MATAAS NA LUPA LIPA CITY

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

JEAN MARIE L. UY	633-6113
Contact Person	Company Telephone Number

1st Sat of June

1 2	3 1	2 0 - I S		
Month	Day	Form Type	Month	Day

Fiscal Year

Annual Meeting

DEFINITIVE INFORMATION STATEMENT

Dept. Requiring this Doc

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

MARY MEDIATRIX MEDICAL CENTER
J.P. Laurel Highway, Lipa City

NOTICE OF 32nd STOCKHOLDERS' MEETING

Dear Stockholders,

We would like to inform you that a stockholders' meeting of the shareholders of Mary Mediatrix Medical Center, Inc. ("The Company") has been scheduled on **June 25, 2022 at 2:00 p.m.** to be only conducted by remote communication through the online meeting platform, Zoom.

The agenda for the meeting shall be as follows:

I. Call to Order
II. Certification of Notice and Determination of Quorum
III. Approval of the Minutes of the previous meeting
IV. Business arising from the minutes of the previous meeting
V. Annual Report
VI. Ratification of Board Acts and Management
VII. Election of the Board of Directors (including Independent Directors)
VIII. Appointment of External Auditor
IX. Other Matters

A brief explanation of each agenda item which requires stockholders' approval is provided herein. Additional information regarding the agenda items particularly those to be voted upon is provided in the Information Statement available at https://mediatrixmedcenter.com.ph/wp-content/uploads/2022/05/Definitive-Information-Statement-2022.pdf or through the QR code below. Hard copies of the Information Statement will be provided free of charge, upon request sent to **mmmc.executive2020@gmail.com.**

If you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the **attached proxy form**. Stockholders intending to attend the Annual Stockholders' Meeting by remote communication, or by proxy, should notify the Corporation or send their proxies by email to **mmmc.executive2020@gmail.com by June 14, 2022 at 12 noon.** The procedure and further details for attending the meeting through remote communication will be sent by email to each stockholder or his/her proxy.

All proxy forms must be received by the Corporate Secretary for inspection and recording not later than **June 14, 2022**. Proxies shall be validated on **June 17, 2022 at 10:00 A.M.** through the online meeting platform, Zoom. If you wish to attend the validation of proxies, kindly send a request for the link to the Zoom meeting by email to **mmmcnomelec@gmail.com.**

Only stockholders of record as of **June 10, 2022** shall be entitled to vote. Since there are only 9 nominees for regular directors to the Board for the year 2022-2023, and only 2 out of 3 nominees for independent director are qualified, which is equal to the no. of board seats available, the election will no longer be held by ballot but by acclamation to be held during the Annual Stockholders' Meeting proper via remote communication.

The Organizational Meeting of the Board of Directors will follow soon after the Annual Meeting of the Stockholders with the following agenda:

AGENDA

I. Call to Order
II. Secretary's Proof of the Notice of the Meeting and Certification of Quorum.
III. Election of Officers
IV. Other Matters
V. Adjournment

By order of the Board of Directors,

GARNEY M. CANDELARIA
Corporate Secretary

ANNUAL STOCKHOLDERS' MEETING
25 JUNE 2022

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Approval of Minutes of the July 3, 2021 Annual Stockholders Meeting
A copy of the minutes is available for viewing by the stockholders at https://mediatrixmedcenter.com.ph/wp-content/uploads/2021/07/Minutes-MMMC-31st-AM-3-July-2021-sgd.pdf and will be presented to the stockholders for approval at the Annual Meeting.

Report of the President and Audited Financial Statements for 2021
The annual report and the financial statements for the preceding fiscal year will be presented to the stockholders for approval.

Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted During the Preceding Year
The acts of the Board of Directors and its committees, officers and management of the Company since the last annual stockholders' meeting up to the current stockholders' meeting will be presented to the stockholders for ratification.

Election of Directors (including the Independent Directors)
A brief description of the business experience of the incumbent directors is provided in the Information Statement sent to the stockholders, as well as the business experience of new nominees to the Board.

Appointment of External Auditor
The Company's external auditor is Reyes Tacandong & Co. and will be nominated for reappointment for the current fiscal year.

Consideration of Such Other Business as May Properly Come Before the Meeting
The Chairman will open the floor for comments and questions by the stockholders. The Chairman will decide whether matters raised by the stockholders may be properly taken up in the meeting or in another proper forum.

A U T H O R I Z A T I O N

The undersigned stockholder of **MARY MEDIATRIX MEDICAL CENTER, INC**. (“**MMMC**”) do hereby name, constitute and appoint

____ CHAIRMAN OF THE BOARD OF MARY MEDIATRIX MEDICAL CENTER
____ PRESIDENT OF MARY MEDIATRIX MEDICAL CENTER
____ ANY REPRESENTATIVE (Full Name and Email address of representative)

____

as my proxy, with right of substitution and revocation, to represent and vote for and in my behalf, all shares registered in my name in the books of MMMC, or owned by me, at the Annual Meeting of the Stockholders on July 3, 2021 and at any and all adjournments or postponements thereof, upon any election or question which may lawfully be brought before such meeting, as fully to all intents and purposes as I might do if present and acting in person, hereby ratifying and confirming all that my said proxy shall lawfully do or cause to be done by virtue of these presents. I direct my proxy to vote shares which I own, or may hereafter own, and such shares as I am authorized to vote in my capacity as Administrator, Executor or Attorney-in-Fact, on the agenda items I have indicated with “X” below. **If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a “FOR ALL” vote for proposal 1, and a “FOR” vote for proposals 2 through 5.**

PROPOSAL	**ACTION**		
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION
1. Election of Nominees as Directors			
The nominees for Directors are (a) Dr. Robert M. Magsino, (b) Marissa M. Panganiban, (c) Dr. Jaime Songco, (d) Rhais M. Gamboa, (e) Carlos M. Ejercito, (f) Jose Ronaldo delos Santos, (g) Jose Santiago A. Dela Cruz, Jr. (h) Erika Cheska G. Martirez (i) Clinton Campos Hess. **The nominees for Independent Director are (a) Dr. Ernesto O. Domingo, (b) Dr. Jose Teodoro Villanueva.** **INSTRUCTIONS:** *To withhold authority to vote for any individual nominee(s), please mark Exception box and list the name(s) under.*			
2. Approval of the Minutes of the 2021 Annual Meeting of the Stockholders			
3. Approval of the Annual Report of the Company for the year ended December 31, 2021			
4. Ratification of all the acts of the Board of Directors and Officers since the 2021 Annual Stockholders’ Meeting.			
5. Appointment of Reyes Tacandong & Co. as external auditors of the Company			

IN CASE OF NON-ATTENDANCE OF MY PROXY NAMED ABOVE, I AUTHORIZE AND EMPOWER THE CHAIRMAN OF THE MEETING TO FULLY EXERCISE ALL RIGHTS AS MY PROXY AT SUCH MEETING.

This authorization shall continue until such time as the same is withdrawn by me through notice in writing delivered to the Corporate Secretary at least three (3) working days before the scheduled meeting on June 25, 2022 but shall not apply in instances where I personally attend the meeting. The undersigned hereby declares that the issuance of this authorization is within the undersigned’s powers and authority, which powers and authority are duly registered in accordance with Philippine laws.

IN WITNESS WHEREOF, I have hereunto signed these presents this ___ day of ____________, 2022 in _________________.

________________________________ PRINTED NAME OF STOCKHOLDER	________________________________ SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY
________________________________ ADDRESS OF STOCKHOLDER	________________________________ CONTACT TELEPHONE NUMBER

AN AUTHORIZATION SUBMITTED BY A COMPANY SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY’S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY.
THE REPRESENTATIVE’S EMAIL ADDRESS IS NECESSARY SO THAT THE PROCEDURE AND FURTHER DETAILS FOR ATTENDING THE MEETING THROUGH REMOTE COMMUNICATION CAN BE SENT TO YOUR REPRESENTATIVE.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter:
   MARY MEDIATRIX MEDICAL CENTER, INC.

3. Province, country or other jurisdiction of in Company or organization:
   REPUBLIC OF THE PHILIPPINES

4. SEC Identification Number:
   76646

5. BIR Tax Identification Code:
   000-958-720-000

6. Address of principal office:
   J.P. Laurel Highway, Mataas na Lupa, Lipa City, 4217

7. Registrant's telephone number, including area code:
   (+043) 773-6800

8. Date, time and place of the meeting of security holders:
   June 25, 2022 at 2:00 p.m. through the online platform, Zoom, to be live streamed from the Lillian Magsino Hall, 5th Floor, H.B. Calleja Bldg., Mary Mediatrix Medical Center, J.P. Laurel Highway, Mataas na Lupa, Lipa City, 4217

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

   June 1, 2022

10. In case of Proxy Solicitations:
    Name of Person Filing the Statement/Solicitor: Atty. Garney M. Candelaria
    Address and Telephone No. 66 United Street, Mandaluyong City; 0917-8117883

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock	1,117,500 shares as of 30 April 2022
Total liabilities	590,409,893

12. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [ ]   No [X]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange / Common Stock

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date, time and place of meeting	:	**June 25, 2022** **2:00 p.m.** **Through online platform, Zoom, to be live streamed from the Lillian Magsino Hall, 5th Floor, H.B. Calleja Bldg., Mary Mediatrix Medical Center, J.P. Laurel Highway, Mataas na Lupa, Lipa City, 4217**
Complete mailing address of the Registrant	:	**MARY MEDIATRIX MEDICAL CENTER, INC.** **J.P. Laurel Highway, Mataas na Lupa, Lipa City, 4217**
Approximate date on which the Information Statement is first to be sent or given to Security holders	:	**June 1, 2022 (Wednesday)**

Item 2. Dissenters' Right of Appraisal

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares on any matter that may be acted upon such as in the following instances:

1. In case any amendment to the articles of in Company has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;

3. In case of merger or consolidation; and

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

If, at any time after this information statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Failure to make a demand within such period shall be deemed a waiver of the appraisal right. The value shall be determined as of the day prior to the date when the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. Upon payment, he must surrender his certificate of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation that the shares are dissenting shares.

No corporate action is being proposed or submitted in the meeting that may call for the exercise of a stockholder's right of appraisal under Title X of the Revised Corporation Code.

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

(a) None of the incumbent directors and officers of the Company have any undisclosed substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

(b) The Company has not received any information from any director that he/she intends to oppose any matter to be acted upon in the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) The Company has 1,117,500 common shares of stock subscribed and outstanding as of 30 April 2022. The Company does not have any class of shares other than common shares. Each share is entitled to one (1) vote. The 1,117,500, outstanding common shares are all owned by Filipinos. The Company does not have any class of shares other than common shares.

(b) All stockholders of record as of the close of business on June 10, 2022 are entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

(c) Action will be taken with respect to the election of directors to which persons solicited have cumulative voting rights. At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock outstanding in his name in the book of the Company, except with respect to the election of directors, when each stockholder may accumulate his votes, as provided in the Company Code. Every stockholder entitled to vote at any meeting of stockholders may vote by proxy as well as in person.

(d) No proxy solicitation is being made.

Security ownership Certain Record and Beneficial Owners and Management

(i) Security ownership of certain record and beneficial owners (more than 5% of voting securities) as of April 30, 2022 are as follows:

Title of Class	Name and Address of Record Owner/ Relationship with Issuer	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares	Percent of Class
Common	Mount Grace Hospitals, Inc. 6F Williams Center Building, Williams St. corner Mayflower St., Highway Hills,	UL HealthSERVICES, Inc. Authorized representatives to vote MGHI Shares: Carlos C. Ejercito, Rhais M. Gamboa, and/or Jose Ronaldo H. De los Santos	Filipino	143,047	12.80%
Common	Magsino, Vicente M. Jr. 31 Pitch Lane, How-ell, New Jersey 07731 Individual Shareholder	Magsino, Vicente M. Jr.	Filipino	82,310	7.36%

Common	Panganiban, Mary Ann Frances M. Antipolo Del Norte, Lipa City Individual Shareholder	Panganiban, Mary Ann Frances M.	Filipino	82,310	7.36%
Common	Magsino, Jaime Amado Antipolo Del Norte, Lipa City Individual Shareholder	Magsino, Jaime Amado	Filipino	81,310	7.27%
Common	Magsino, Robert M. Antipolo Del Norte, Lipa City Individual Shareholder	Magsino, Robert M.	Filipino	81,309	7.27%
Common	Health Delivery System, Inc. Unit Nos. L2-201 & L3-302 Soho Central, No. 748 Shaw Boulevard, Green-field District	UL HealthSERVICES, Inc. Authorized representatives to vote MGHI Shares: Carlos C. Ejercito, Rhais M. Gamboa, and/or Jose Ronaldo H. De los Santos	Filipino	79,999	7.16%
Common	Marissa Patricia M. Panganiban Lot 8 Blk 11, Malarayat Country Club, Dagatan, Lipa City Individual Shareholder	Marissa Patricia M. Panganiban	Filipino	78,330	7.01%
Common	Manalo, Ma. Teresa M. Antipolo Del Norte, Lipa City Individual Shareholder	Manalo, Ma. Teresa M.	Filipino	67,850	6.07%

Common	Songco, Marilou M. 308 Dingalan St. Ayala Alabang Village, Muntinlupa City Individual Shareholder	Songco, Marilou M.	Filipino	63,870	5.71%

(ii) Security Ownership of Management as of April 30, 2022:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Magsino, Robert M.	81,309 / direct	Filipino	7.27%
Common	Marissa Patricia M. Panganiban	78,330 / direct	Filipino	7.01%
Common	Jaime SD Songco	1,980 / direct	Filipino	0.18%
Common	Nathaniel E. Agoncillo	1,000 / direct	Filipino	0.09%
Common	Ernesto O. Domingo	1 / direct	Filipino	0.00%
Common	Rhais Gamboa	1 / direct	Filipino	0.00%
Common	Carlos Ejercito	1 / direct	Filipino	0.00%
Common	Jose Ronaldo Delos Santos	1 / direct	Filipino	0.00%
Common	Clinton Campos Hess	1 / direct	Filipino	0.00%
Common	Jose Santiago A. de la Cruz, Jr.	1 / direct	Filipino	0.00%
Common	Erika G. Martirez	1 / direct	Filipino	0.00%

(iii) Voting Trust Holders of 5% or more

There are no voting trust holders of 5% or more of the common shares.

(iv) Changes in Control

On 9 June 2021, Mount Grace Hospitals, Inc. (MGHI) entered into a Share Purchase Agreement with Lillian Magsino, Jaime Amado Magsino, Robert Magsino, Vicente Magsino, Jr., Maria Teresa Manalo and Marissa Patricia M. Panganiban for the purchase of a total of 242,687 shares of the Corporation thereby increasing MGHI's total shares to 385,737 shares, or 35% of voting securities in the Corporation.

On the same date, Health Delivery System, Inc. (HDSI) also entered into a Share Purchase Agreement for the purchase of 104,051 shares of the Corporation from Marissa Patricia M. Panganiban, Mary Ann Frances M. Panganiban and Marilou M. Songco, thereby increasing HDSI's total shares to 184,050 shares, or 16% of voting securities in the Corporation.

These transfers are currently in process and have not yet been recorded in the Corporation's books.

Item 5. Directors and Executive/Corporate Officers

(a) Directors, Executive Officers, Promoters and Control Persons

Below is the list of the Company's directors and officers for 2021 – 2022 with their corresponding positions. The directors assumed their directorship during the Company's Annual Stockholders' Meeting in 2021 for a term of one (1) year.

Name	Age	Position	Citizenship
Clinton Campos Hess	50	Chairman of the Board	Filipino
Dr. Ernesto O. Domingo	91	Vice Chair / Independent Director	Filipino
Dr. Robert M. Magsino	68	President / Director	Filipino
Jose Santiago A. De la Cruz, Jr.	59	Chief Operating Officer / Director	Filipino
Rhais Gamboa	70	Director	Filipino
Carlos Ejercito	75	Director	Filipino
Jose Ronaldo Delos Santos	53	Director	Filipino
Dr. Jaime SD. Songco	61	Director	Filipino
Erika Cheska G. Martirez	37	Treasurer / Director	Filipino
Nathaniel E. Agoncillo	63	Independent Director	Filipino
Garney M. Candelaria	55	Corporate Secretary	Filipino
Jean Marie L. Uy-Yam	36	Assistant Corporate Secretary & Compliance Officer	Filipino
Marissa M. Panganiban	65	Senior Vice President – Administrative Services / Director	Filipino
Godofredo V. Cruz	58	Chief Financial Officer	Filipino

The business experience of the members of the Board and Executive Officers for the last five (5) years is as follows:

Clinton Campos Hess
Chairman of the Board
Term of office: 3 July 2021 to present

For twenty-eight years, Mr. Hess has served as a member of the management team of United Laboratories and the Unilab Group of Companies. Mr. Hess led the group's implementation of supply chain innovations in the 1990s, and served as the head of Supply Chain Management from 1998-2003. He serves as the President and CEO of United Laboratories, Inc. and Unilab Group International Operations since 2009.

Mr. Hess currently holds significant position in several companies including Vice-Chairman of the Board, United Laboratories Group of Companies, Vice-Chairman of the Board, Unam Gropu of Companies, Chairman of the Board, Mount Grace Hospitals, Inc., Chairman of the Board, Univet Nutrition and Animal Healthcare Company (UNAHCO), and Chairman of the Board, Unilab Biosciences Corporation (UBC).

Mr. Hess has a Bachelor of Science in Economics with dual concentration in Multinational Management and Finance from Wharton School, University of Pennsylvania in Philadelphia, PA, USA.

Dr. Ernesto O. Domingo
Vice-Chairman / Chairman of the Board / Independent Director
Term of office: 3 July 2021 to present / 17 September 2016 to 2 July 2021

Dr. Domingo had his medical degree in1961 at the University of the Philippines where he also had his Internal Medicine residency. He had his Gastroenterology and Hepatology, residency in 1967 at Case Western Reserve University, Cleveland, Ohio, U.S.A.

He is currently a University Professor Emeritus (highest academic rank) at the University of the Philippines aside from his practice.

Dr. Robert M. Magsino
President / Director
Term of office: 2000 to present

Dr. Robert M. Magsino obtained his medical degree in 1979 at the Pontifical University of Santo Tomas. His stellar medical career began as an Intern in Makati Medical Center.

He trained in several prestigious medical centers particularly Raritan Bay Medical Center where he finished his Internal Medicine residency training in New Jersey. His persistence and dedication to his job landed him a coveted position as Chief Resident at Raritan Bay.

He advanced his medical career by passing the rigorous Diplomate exams given by the American Board of Internal Medicine and later pursued his fellowship training in Gastroenterology and Hepatology at the renowned University of Rochester School of Medicine, Strong Memorial Hospital. He is a recognized Fellow of the American College of Physicians and member of the American College of Gastroenterology, and the American College of Physicians Executive.

In 2002, Dr. Magsino passed his Diplomate exams in Internal Medicine and later became a fellow of the Philippine College of Physicians (PCP). He is also a diplomate and fellow of the Philippine Society of Gastroenterology and Philippine Society of Digestive Endoscopy.

Dr. Magsino is founder and current President of the Private Hospital Association of Lipa City which aims to unite hospital owners and address health concerns to help the local government and the community as well.

Jose Santiago A. de la Cruz, Jr.
Chief Operating Officer / Directors
Term of office: 3 July 2021 to present

Mr. de la Cruz is an experienced President with a demonstrated history of working in the hospital and healthcare industry. He is a strong healthcare services professional with a Bachelor of Science (BSC) focused on Economics from the Notre Dame College. His core competencies are Business Planning/Marketing Management/Pharmaceuticals, Clinical Diagnostics, Biotechnology & Medical Devices/International Business/Sales Operations and Accounts Management.

He served as General Manager for BSN Medical Philippines, Inc., a German medical device manufacturer and world leader in Wound Care, Vascular and Orthopedic business, where he established and converted the existing representative office to a full-fledged subsidiary in a record time of three months. He served as the President of Tagaytay Medical Center from 2016 to 2018, and as the President of Healthserv Los Baños Medical Center from 2017 to 2018.

Mr. de la Cruz is currently the Cluster Head for NCR for the Mount Grace Hospitals, Inc., the President of ManilaMed-Medical Center Manila, the Chief Operations Officer of Fe del Mundo Medical Center, a member of the Board of GoodSam Medical Center in Nueva Ecija and the Chairman of the Board in Clinica Gatchalian and Hospital in Ormoc City, Leyte.

Rhais M. Gamboa
Director
Term of office: 2002 to present

Rhais Gamboa has worked in the health sector for most of his professional career, giving him the depth of perspective in various facets of the sector: private health insurance, social health insurance, health policy formulation and implementation, health policy research, pharmaceutical marketing and distribution, health facility acquisition, health facility management.

Mr. Gamboa is presently the Executive Vice President & Chief Operating Officer of Mt. Grace Hospitals, Inc., a company investing in hospitals. He is a member of the board of directors of several private-tertiary hospitals and of Manila Southwoods Golf and Country Club.

He was previously a Vice-President of United Laboratories Inc. assigned to the Business Development Group. Prior to said posting, he was successively appointed to the Office of Regulatory Affairs and the Sales & Distribution Division. He likewise oversaw the business operations of a health benefit management company affiliated with Unilab.

He worked with Aetna Philippines as president of its HMO subsidiary. He was also previously President of CARRA Inc., a research outfit that specialized in the areas of health policy, health financing and social health insurance.

He also worked with the government, having been Undersecretary of Health and Vice-Chairman of the Philippine Medical Care Commission, the country's national social health insurance program now transformed into the Philippine Health Insurance Company.

Mr. Gamboa obtained his B.S. Management Engineering degree from Ateneo de Manila University and finished his secondary education from the Philippine Science High School.

Carlos C. Ejercito
Director
Term of office: 17 September 2016 to present

Mr. Ejercito is currently the President and Chief Executive Officer of Mount Grace Hospitals, Inc. He is an Independent Director and a member of the Board Audit Committee of Bloomberry Resorts Company, Century Properties Group, Inc., and Aboitiz Power Company, all publicly-listed companies, and an Independent Director of Monte Oro Resources and Energy Company. Mr. Ejercito is the Chairman and Chief Executive Officer of Forum Cebu Coal Company. Mr. Ejercito is a Board Member of eight hospitals including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., and Silvermed Company. He is also the President of Pinehurst Medical Services, Inc. Mr. Ejercito was formerly the Chairman of the Board of United Coconut Planters Bank and a former Director of the National Grid Company of the Philippines. He served as President and Chief Executive Officer of United Laboratories, Inc., Unilab Group of Companies, Univet Agricultural Products, Inc. and Greenfield Development Company. He was a member of the Board of Governors of the Management Association of the Philippines.

Mr. Ejercito graduated cum laude from the University of the East with a degree in Bachelor of Science in Business Administration. He completed the Management Development Program of Harvard Business School in 1983 and the coursework for Master's in Business Administration at the Ateneo Graduate School of Business. Mr. Ejercito is a certified public accountant.

Jose Ronaldo De los Santos
Director
Term of office: 4 August 2018 to present

Mr. De los Santos was a money market trader of the Treasury Department of China Banking Company, and the Head of Research and Licenses Stockbroker of Meridian Securities at the Philippine Stock Exchange. He began his career in the medical field when was appointed to various management positions at the De los Santos Medical Center, as hospital operations manager, finance director, COO and CFO. He also became the Managing Director of Megaclinic, and a member of the Board of DLS-STI Medical Center and College, as well as a member of the Board and management consultant of Fe Del Mundo Hospital. In 2013, he became the Operations Group Head of ManilaMed Medical Center, Manila, tasked to study the feasibility of businesses and acquisitions while improving organization setups, processes and management team capabilities in profit centers and support services. In 2015 to 2018, Mr. Delos Santos was promoted to President, to oversee the financial, operational and Medical success of the hospital in line with annual strategic objectives crafted by the organization and approved by the Board.

Mr. De los Santos is currently the South Cluster Head for the Mount Grace Hospitals, Inc. and is serving as President to three (3) hospitals, namely: Tagaytay Medical Center, Divine Grace Medical Center and Westlake Medical Center where he is ensuring its advancement, profitability and growth while instilling mount grace quality, safety and culture in the organization.

Mr. Delos Santos has a Bachelor of Arts in Economics from the De La Salle University, Masters in Hospital Administration from the Ateneo Graduate School of Business and a Master's in Business Administration from Duke University, Fuqua School of Business.

Dr. Jaime SD. Songco
Director
1994-2013; 15 August 2020 to present

Dr. Songco obtained his medical degree in 1984 at the University of Sto. Tomas. He had his clinical internship at Makati Medical Center. He likewise had his residency training for general surgery at the Makati Medical Center, and Urology at the National Kidney and Transplant Institute where he became the Chief Resident. He was a Clinical Observer, Walk in Fellow at the Memorial Sloan Kettering Cancer Center in New York City, and a Research Fellow at the William Beaumont Medical Center in Michigan. He also took a post graduate course in laparoscopic techniques in urology at the New York University. He is a diplomate of the Philippine Board of Urology and a fellow of the Philippine College of Surgeon.

Dr. Songco served as the Secretary of the Philippine Society of Urologic Oncologist from 2002-2011, and as its President from 2012-2014. He was the head of the Urologic-Oncology Cancer Center of Makati Medical Center from 2010 to 2014 and was also the Vice Chairman of the Department of Surgery of Makati Medical Center in 2018. He was the co-founder of Mary Mediatrix Medical Center with Dr. Vicente L. Magsino in 1994, served as its Senior Vice President for Finance and Business Development and was its Chief Operating Officer from 1994 to 2014, He also served as a member of the Board of Directors of Mary Mediatrix Medical Center from 1994-2013.

He also serves on the Advisory Board of several pharmaceutical companies such as Pfizer, Inc., Astra Zeneca, Novartis, GlaxoSmithKline, BiomedisOnco, InvidaMenarini International, Ferring, Phils., and Astellas.

Erika Cheska G. Martirez
Treasurer / Director
3 July 2021 to present

Ms. Martirez has been the Finance Director of United Laboratories and the Group CFO of Mount Grace Hospitals, Inc. since July 2015 to present. She was formerly Head of Finance, Planning & Business Development for Eli Lilly Philippines from 2011 to 2015, and a member of the Business Development and Portfolio Management of the Trust and Investments Department of Unionbank of the Philippines from 2009 to 2010.

She is currently the Chief Finance Officer of Medical Center Manila, Fe del Mundo Medical Center, Westlake Medical Center, and Grace General Hospital. She is also a member of the Board of Directors of Good Samaritan Hospital, Healthserv Los Baños Medical Center, the Treasurer and Director of Tagaytay Medical Center, the Treasurer of Victor R. Potenciano Medical Center and Pinehurst Medical Services, Inc. She is responsible for financial oversight, treasury administration and overall finance and accounting operations across Mount Grace network hospitals and Mount Grace administrative entities (Mount Grace Hospitals Inc. and Mount Grace Resources).

Ms. Martirez obtained her Bachelor of Sciences degree in Management and Applied Chemistry from the Ateneo de Manila University and has an MBA in Finance Concentration from the University of St. Gallen, Switzerland and a Masters in Business Administration from the Asian Institute of Management, Philippines.

Marissa M. Panganiban
Senior Vice President for Administrative Services / Director
2016 to September 2021 / 3 July 2021 to present

Mrs. Panganiban has been with the Company since 1999 as Vice President for Hospital Administration. She was promoted in 2016 to SVP for Administrative Services. She previously worked for Philippine Airlines as SR Controller and Philippine Banking Corporation as a management trainee.

She has been a member of the Philippine Hospital Association since 1999, and the Philippine College of Hospital Administrators, Inc. since 2000.

She obtained her Bachelor of Arts and Sciences degree in Commerce in Business Administration from the University of Sto. Tomas in 1978, and received her Master of Health Administration from the Ateneo Graduate School of Business in 1999.

Nathaniel E. Agoncillo
Independent Director
3 July 2021 to present

Dr. Agoncillo obtained his medical degree in 1985 from the UERMMMC College of Medicine and graduated top ten of his class, and was a College Scholar and Entrance Scholar. He had his post-graduate internship at the UERM Memorial Medical Center, his residency in internal medicine at the National Kidney and Transplant Institute where he became the Chief Resident and also received the Outstanding Resident Award from the Quezon City Medical Society. He also had his fellowship in Nephrology at the National Kidney and Transplant Institute.

Dr. Agoncillo served as the President of the Medical Staff Organization of Mary Mediatrix Medical Center from 2006 to 2008, and was a member of the Board of Directors during the same time. He also served as the Medical Director of St. Frances Cabrini Medical Center in 2001-2002.

Garney M. Candelaria
Corporate Secretary
3 July 2021 to present

Atty. Garney M. Candelaria is a seasoned lawyer with over 23 years of experience in various fields of law: healthcare, labor, civil, criminal, real estate, tax, agrarian and corporate law, among others. Currently, he is an Assistant Vice President/Legal Counsel of UL Health Services, Inc., a subsidiary of United Laboratories, Inc., assigned to the Office of the Corporate Secretary of Mount Grace Hospitals, Inc. (“Mount Grace”) and RelianceCARE Group of Companies (“Reliance”).

He provides transactional support for mergers and acquisitions and other partnering activities of Mount Grace and Reliance. He also acts as counsel to Mount Grace and Corporate Secretary/Asst. Corporate Secretary of its 20 partner hospitals and other corporations under Reliance.

Atty. Candelaria passed the 1998 bar examinations and has been a member in good standing of the Integrated Bar of the Philippines (IBP). He received his Juris Doctor degree from the Ateneo de Manila School of Law in 1998 and obtained a Bachelor of Arts degree in Philosophy from the Ateneo de Manila University in 1987. He finished his primary and secondary education from Lourdes School of Mandaluyong.

Jean Marie Uy Yam
Assistant Corporate Secretary / Compliance Officer
Term of office: 19 September 2016 to present

Atty. Uy is a senior partner of Calleja Law Office. She obtained her Bachelor of Arts degree in Political Science from Ateneo de Manila University in 2007. She received her Juris Doctor degree from the Ateneo de Manila School of Law in 2011 where she graduated with Second Honors. She is a Certified Compliance Officer from the Center for Global Best Practices (CGBP).

Godofredo V. Cruz
Chief Financial Officer
Term of office: 8 July 2019 to present

Mr. Godofredo V. Cruz spent more than three decades of his career in the banking industry (UCPB and Metrobank). He worked in Branches Operations during the first seven years and in Account Management during the remaining part of his career.

Mr. Cruz worked his way up in the Corporate ladder and in 2013, he was promoted as Senior Vice President and National Sales Head of the Business Banking Center of Metropolitan Bank and Trust Company (MBTC). Under his leadership, he conceptualized the marketing strategies and loan products making him responsible for the growth of Small and Medium Sized Enterprises (SMEs) loan portfolio at an average of 30% per year. His team managed a loan portfolio of about P18 Billion with over 3,000 clients nationwide. Mr. Cruz supervised 190 Relationship Managers and Marketing Assistants, in establishing 35 Lending Offices from Tuguegarao City in Cagayan Valley to Zamboanga City in Mindanao.

Mr. Cruz's Marketing unit in Makati directly handled the loan syndications for a Group of Companies. These loans funded the construction of the Cebu-Mactan International Airport and the 4,000 Classrooms in Region 4A for the Public Private Partnership of the Government.

As a Senior Officer of the Bank, he was made member of Credit Committee (Crecom), Senior Crecom and the Non-Performing Assets Committee (NPAC). Mr. Cruz likewise served as Corporate Secretary for affiliate Philippine Charter Insurance Corporation for more than 5 years.

Mr. Cruz was a graduate of Pamantasan ng Lungsod ng Maynila. He obtained his CPA license in May 1984 and his masteral studies from the Adamson University. He was a part time Assistant Professor for the Colegio San Agustin in Binan City for 7 years and a became part time lecturer of Bankers Association of the Phils. In Ateneo Graduate School in Makati.

He retired from the banking industry last September 30, 2018 and put up his own tire and battery dealership business.

All Directors shall hold office until a new Board of Directors is elected during the Company's Annual Stockholders' Meeting to be held on June 25, 2022. The Annual Stockholders' Meeting as provided in the By-Laws of the Company is scheduled on the 1st Saturday of June of each year, however due to scheduling conflicts and to allow for ample time to prepare, the Board of Directors was constrained to move the Annual Stockholders' Meeting.

Nominations for Independent and Regular Directors and Procedure for Nomination

The procedure for the nomination and election of Independent and Regular Directors, which is embodied in the Rules for Nomination and Election of Directors by Remote Communication 2022 as promulgated by the Nomination and Election Committee, is in accordance with SEC Memorandum Circular No. 24, series of 2019.

The Nomination and Election Committee is composed of Dr. Ernesto O. Domingo (independent director), the Chairman, and its members, Dr. Arturo Marquiño, Jr., Atty. Joel Macalino, Atty. Garney M. Candelaria and Mary Chris Valencia.

The nomination of all directors shall be conducted by the Committee prior to a stockholders' meeting and the Committee shall pre-screen the qualifications and prepare a final list of all candidates, which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list shall be submitted to the Corporate Secretary, and shall be made available to the Commission and to all stockholders through the filing and distribution of the Company's Definitive Information Statement. No other nominations shall be entertained after the Final List of nominees has been prepared. No other nominations for both Independent and Regular Directors shall be accepted at the floor during the Annual Stockholders' Meeting. The name of the person or group of persons who nominates an Independent Director shall be identified in such report including any relationship with the nominee.

In approving the nominations for directors, the Committee considered the qualifications and disqualifications prescribed in the Company's Manual on Corporate Governance, SEC Memorandum Circular No. 24, series of 2019 and SRC Rule 38.

As conveyed to the Committee, the following are the qualified nominees for Independent Directors for 2022 – 2023:

1. Dr. Jose Teodoro Villanueva (Nominated by Dr. Robert M. Magsino and Mary Ann M. Panganiban)
2. Dr. Ernesto O. Domingo (Nominated by Dr. Robert M. Magsino, Mary Ann M. Panganiban, Marissa M. Panganiban and Maria Teresa M. Manalo)

A copy of Dr. Domingo's and Dr. Villanueva's Certification of Qualification of Independent Director is attached hereto.

Dr. Raymund Diga was also nominated to be an independent director by Dr. Jaime SD Songco and Maria Teresa M. Manalo, however, upon verification by the Committee based on the CV submitted by Dr. Diga, he is not qualified for the position of independent director since is the incumbent Section Chief of the Pulmonary Section and the Head of the Pulmonary Rehabilitation Clinic of the Company.

As conveyed to the Committee, the following are the nominees for Regular Directors 2022 - 2023:

1. Dr. Robert M. Magsino
2. Marissa M. Panganiban
3. Dr. Jaime Songco
4. Rhais M. Gamboa
5. Carlos C. Ejercito
6. Jose Ronaldo delos Santos
7. Jose Santiago A. Dela Cruz, Jr.
8. Erika Cheska G. Martirez
9. Clinton Campos Hess

Below are the profiles of the nominees who are not incumbent Board members or former executive officers:

Jose Teodoro Villanueva

Dr. Villanueva obtained his medical degree from the Perpetual Help College of Medicine and took up his residency training for Orthopedic Surgery and Traumatology at the Philippine Orthopedic Center. He is a member of the Lipa City Medical Society, Pugad Lawin Philippines, Lipa Chapter, and is a diplomate of the Philippine Academy of Medical Specialists.

He is an active medical staff of Mary Mediatrix Medical Center, and is also affiliated with Villa Memorial Hospital (Lipa City), Divine Love Hospital (Lipa City), Lipa City District Hospital, and CP Reyes Gonzales Hospital (Tanauan City). Dr. Villanueva was a member of the Board of Directors of Mary Mediatrix Medical Center from 1994 to 2017.

Significant Employees

The Company considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

Dr. Robert M. Magsino and Marissa M. Panganiban are siblings, while Dr. Jaime Songco is their brother-in-law.

There are no other family relationships within the fourth degree of consanguinity known to the registrant other than those that have been disclosed above.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, and except as otherwise disclosed, none of the directors or the executive officers has, during the last five years and to date, been subject to any of the following:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Interest on Certain Matters to be Acted Upon

No director or officer of the Company has undisclosed substantial interest, direct or indirect, in any matter to be acted upon in the meeting.

Certain Relationship and Related Transactions

The Company's related party transactions pertain to dividends declared as disclosed under the Management Report attached to this Information Statement.

Item 6. Compensation of Directors and Executive Officers

The following summarizes the executive compensation received by the President and the top four (4) most highly compensated officers of the Company for 2020 and 2021, namely Dr. Robert M. Magsino, Jose Santiago A. de la Cruz, Jr., Godofredo V. Cruz, Roselle Marie Azucena and Mrs. Marissa M. Panganiban. The estimated compensation for 2022 is also provided, not including Mrs. Panganiban, since she retired last September 2021. It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

Name and Position	Year	Salaries	Bonuses	Others	Total
President and the top four (4) officers	2022	12,018,946	924,534	1,486,837	14,430,317
	2021	13,797,438	1,181,241	1,332,251	16,310,930
	2020	15,546,056	238,219	1,641,422	17,425,697
Aggregate compensation paid to all officers and directors as a group unnamed	2022	17,862,946	1,411,534	2,566,837	21,841,317
	2021	18,253,911	1,543,241	2,421,139	22,218,291
	2020	17,854,386	238,219	3,220,263	21,312,868

Compensation of Directors

The directors of the Company do not receive any compensation as director except for per diem for attendance at board meetings.

Standard Arrangements and Other Arrangements

Other than the per diem as stated above, as of December 31, 2021, 2020 and 2019, the Company has no existing arrangements with members of the Board of Directors, executive officers, and employees.

Employment Contracts, Termination of Employment, and Change in Control of Arrangements

There are no special employment contracts between the Company and its executive officers. There is also no arrangement for compensation to be received from the Company in case of resignation or any other termination of employment or from a change in the management or control of the Company.

Warrants and Options Outstanding

There are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

Item 7. Independent Public Accountants

The appointment, approval or ratification of the Company's independent public auditor will be submitted to the shareholders for approval at the Annual Stockholders' Meeting on June 25, 2022.

The Board of Directors has approved the reappointment of the auditing firm of Reyes Tacandong & Co. and the certifying partner, Ms. Carolina P. Angeles, is expected to be reappointed for the audit of the financial statements for the year 2022.

Reyes Tacandong & Co. took over from Mr. Gil C. Bermudez in 2017 upon its appointment at the shareholders' meeting on July 1, 2017. There were no disagreements with Mr. Bermudez on any accounting matter.

The Company's Audited Financial Statements for 2021 as certified by Ms. Carolina P. Angeles, is attached to this Information Statement as an Exhibit. The Company has been advised that the Reyes Tacandong & Co. auditors assigned to render audit related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Representatives of Reyes Tacandong & Co. are expected to be present at the scheduled stockholders meeting. They will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

External Audit Fees and Services

Audit and Audit-Related Fees

The total external audit fees amounted to ₱5.42 million for the three years 2021, 2020 and 2019.The fees are exclusive of value-added tax and out-of-pocket expenses.

All Other Fees

The Company did not engage the external auditors for any other service other than those described in the audit and audit-related fees above.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There have been no disagreements on accounting and financial disclosures between the Company and its current and past external auditors.

SRC Rule 68 in relation to the IESBA Code provides that "[I]n respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven cumulative years (the "time-on" period): (a) The engagement partner;; (b) The individual appointed as responsible for the engagement quality control review; or (c) Any other key audit partner role. After the time-on period, the individual shall serve a “cooling-off” period in accordance with the provisions in R540.11 to R540.19.” The Company is compliant with this rule.

Item 8. Compensation Plans

No action is to be taken by the shareholders at the Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities other than for Exchange

There is no action is to be taken during the Annual Stockholders’ Meeting with respect to authorization or issuance of any securities other than for exchange for outstanding securities.

Item 10. Modification or Exchange of Securities.

There is no action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

There is no action is to be taken during the Annual Stockholders’ Meeting with respect to any matter specified in Items 9 or 10.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders’ action to be taken with regard to the following: (1) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (2) the acquisition by the Company or any of its security holders of securities of another person; (3) the acquisition by the Company of any other going business or of the assets thereof; (4) the sale or other transfer of all or any substantial part of the assets of the Company; and (5) the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following matters are included in the agenda of the Annual Stockholders’ Meeting for the approval of the stockholders:

a) Approval of Minutes of the July 3, 2021 Annual Stockholders’ Meeting

b) Report of the President

c) Approval of the Annual Report and the Audited Financial Statements for 2021

d) Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted From July 3, 2021 to June 24, 2022

e) Election of Directors (including the Independent Directors)

f) Appointment of External Auditor

A brief description of material matters approved by the Board of Directors and Management since the last Annual Meeting of Stockholders on July 3, 2021 for ratification by the stockholders:

BR No. 2021-016	"RESOLVED, That the following medical applicants are hereby approved: ASSOCIATE ACTIVE Ranhel C. De Roxas-Bernardino, MD – IM Neurology Raymond Joseph Romero, MD- Surgery VISITING Ernesto C. Tenorio Jr., MD- Orthopedic Surgery Reno Eufemon Cereno, MD – Radiation Oncology Mari Joanne Guerzon-Joson, MD- Family Medicine/Hospice and Palliative Medicine"
BR No. 2021-017	"RESOLVED, that the Corporation be, as it is hereby authorized to apply for the issuance of a Standby Letter of Credit to guarantee payment of its obligation under the Retail Supply Contract with BGI, under the following terms: Beneficiary: Bac-Man Geothermal Inc. (BGI) Amount: P4.9M Term: 360 days + 60 days Rate: 1/8 of 1% per month Issues: Banco De Oro (BDO)."
BR No. 2021-018	"RESOLVED, That the Board of Directors approved the application for accreditation of Continuing Professional Regulation Commission (PRC). RESOLVED FURTHER, that the Board of Directors has appointed ROMMEL B. LOJO, MD, Medical Director of Mary Mediatrix Medical Center, as Chairman of Continuing Medical Education Committee and Manager for the Continuing Professional Development (CPD) program of MMMC. RESOLVED FURTHER, as prescribed in the By-Laws of this institution, the functions of the Chairman of Continuing Medical Education Committee and CPD Manager of MMMC are as follows: 1. To arrange and prepare for the continuing medical education at MMMC including monthly lectures, scientific meetings at least twice a year, annual convention and postgraduate courses. 2. To secure materials like journals or textbooks that may be of help to the staff, residents and post-graduate interns of MMMC. 3. To report to the Board of Councils. RESOLVED FINALLY, that ROMMEL B. LOJO, MD will have the prerogative to choose or select the members of his committee, Dr. Lojo and his committee members will organize, conduct and oversee CPD activities."
BR No. 2021-019	"RESOLVED, that the following medical applicants are hereby approved: ASSOCIATE ACTIVE Kathleen Z. Bool, MD - IM Pulmonary Medicine Donna Ricca M. Hornilla, MD- Interventional Cardiology VISITING Jim Paulo P. Pantas, MD - Pulmonology

BR No. 2021-020	“RESOLVED, that the Executive Committee resolutions regarding (i) additional SGAP, improved REA and signing bonus, and (ii) nursing care fees are duly noted and ratified.”
BR No. 2021-021	“RESOLVED, that ROBERT JULIUS MENDOZA is hereby designated as the Corporation’s Data Privacy Officer.”
BR No. 2021-022	“RESOLVED, the Board of Directors approved the Dr. Robert Magsino’s recommendation to reappoint Department Heads, Division Chiefs, and Committee Heads for a period of one (1) year from July 1, 2021 until June 30, 2022 subject to review in accordance with criteria such as: their time availability, participation in department or committee activities and conflict of interest issues, if any.”
BR No. 2021-023	“RESOLVED, that any one (1) signatory from Group “A” and any one (1) signatory from group “B” shall be authorized to sign jointly for all contracts or bank transactions exceeding an amount of Five Million Pesos (5,000,000.00) “RESEOLVED FURTHER, that this Resolution revokes all prior resolutions on the matter and shall remain valid, subsisting and enforceable for all future contracts and bank transaction unless subsequently modified, revoked, rescinded or superseded by a resolution of the Board of Directors and a copy of such resolution is actually received by the relevant banks”
BR No. 2021-024	“RESOLVED, that the following medical applicants are hereby approved: ASSOCIATE ACTIVE Christine Ann C. Chacon, MD - Adult Neurology, Stroke & vascular neurology Jose Maria V. Villamor, MD - Anesthesia Joanne M. Rivera-Sayo,MD - Radiology VISITING Allen Richard D. Villanueva, MD - IM-Adult Cardiology Louiza Erika R. Rellora, MD - OB-Gynecology Myla L. De Guzman-Santos, MD - internal Medicine Ma. Celina Cephyr C. Gonzalez, MD – Dermatology Karen S. Robledo, MD - Anesthesia Roger Michael I. Lim, MD - Thoracic & Cardiovascular surgery
BR No. 2021-025	“RESOLVED, that the following Executive Committee resolutions: (i) No. 0605 Blood Extraction Satellite in Lipa Bayan; (ii) No. 0606 Mediatrix Park N Go; (iii) 0607 General Increase in Payroll; (iv) No. 0607-B Appointments; and (v) No. 0608 Our Lady of Caysasay Medical Center Partnership; are duly noted and ratified”.

BR No. 2021-026	*“RESOLVED, That the Board of Directors of MARY MEDIATRIX MEDICAL CENTER, INC., amend, as it hereby amends the existing signature procedures relating to contracts and bank transactions not exceeding the amount of Five Million Pesos (Php5,000,000.00);* *RESOLVED, FURTHER, That any two (2) signatories shall be authorized to sign <u>jointly</u> for all contracts or bank transactions not exceeding the amount of Five Million Pesos (Php 5,000,000.00):* *Dr. Robert M. Magsino* *Marissa Patricia M. Panganiban* *Jose Santiago A. Dela Cruz, Jr.* *Dr. Jaime SD Songco* *“RESOLVED, FINALLY, That this Resolution revokes all prior resolutions on the matter and shall remain valid, subsisting and enforceable for all future contracts and bank transactions unless subsequently modified, revoked, rescinded or superseded by a resolution of the Board of Directors and a copy of such resolution is actually received by the relevant banks.”*
BR No. 2021-027	*“RESOLVED, That the Board of Directors of MARY MEDIATRIX MEDICAL CENTER, INC., designate, as it hereby designates,* ***any one (1)*** *of the following employees of the Corporation as authorized representative before the Bureau of Internal Revenue (BIR) to file and process the Corporation's book of accounts particularly for its Satellite Clinic in Lipa-Bayan, and to make, sign, execute, deliver and receive any and all documents and other writings of whatever nature or kind as may be necessary to carry into effect the foregoing authority:* *1. PERLA E. CUETO* *2. ALELI H. MONES* *3. CLARISSA R. JAPLOS* *4. MAICA JERELLE J. BUELA* *5. MA. JODI LEA U. BRAVO”*
BR No. 2021-028	“RESOLVED, that the following Executive Committee resolutions: (i) No. 2021-009 Covid Appreciation Gift for Employees and Resident Doctors; (ii) No. 2021-010 Appreciation Gift to Active and Associate Doctors; (iii) No. 2021-011 Lima Park Satellite Services; (iv) No. 2021-012 Mary Mediatrix Kidney Institute; (v) No. 2021-013 Medical Arts Building Monthly Dues; and (vi) No. 2021-014 New Main Building Proposal; are duly noted and ratified.”
BR No. 2021- 029	“RESOLVED, that the following medical applicants are hereby approved: ASSOCIATE ACTIVE Anne Clarisse Mae Marasigan, MD -General IM (*Courtesy Medical Staff -Nephrology) Gian Karlo T. Cusi, MD -IM-Nephrology Rina R. Reyes, MD -Pediatrics Medical Nutrition Christine Jew V. Baldovino, MD -IM-Medical Nutrition VISITING John Rodolfo D. Susan, Jr., MD -Otolaryngology (Head and Neck Surgery) Christine Jew V. Baldovino, MD -General IM

BR No. 2021-030	"RESOLVED, that the following proposals as presented by the Chief Financial Officer, Mr. Godofredo V. Cruz, are hereby approved: 1.Gross Revenue Target of P2 Billion for 2022; 2. Financial Targets for 2022; a. EBITDA to Revenues Ratio of 26% b. NIAT to Revenues Ratio of 12%; 3.CAPEX. Budget of P94 Million for 2022."
BR No. 2021-031	"RESOLVED, that the declaration of cash dividends from the available retained earnings of the Corporation for the period ending December 31, 2019 in the amount of P86.13 million equivalent to P77.07 per share for distribution to all stockholders as of December 31, 2019 is hereby approved." "RESOLVED FURTHER, that said cash dividends shall be paid according to the following schedule: P30 Million in February 2022; P30 Million in April 2022; and P26.13 million in July 2022."
BR No. 2021-032	"RESOLVED, that the Board of Directors of MARY MEDIATRIX MEDICAL CENTER, INC. approve, as it hereby approves, the recommendation to write-off denied Philhealth claims in the total amount of P3,200,600.00."
BR No. 2022- 001	"RESOLVED AS IT IS HEREBY RESOLVED, that the Board of Directors of MARY MEDIATRIX MEDICAL CENTER, INC. (the "Corporation") do hereby name, constitute and appoint REYES TACANDONG & CO. (the "Firm"), a general professional partnership duly formed, organized and existing under the laws of the Republic of the Philippines, and the Firm's partners, principals, and staffs, including, but not limited to ATTY. ROMMEL T. GEOCANIGA, ATTY. RYAN M. LIGGAYU, ATTY. PIA MITZI P. RECENO, ATTY. CARLO LUIGI SORIANO, MR. REGIE BOY F. ANGLES, MR. EMMANUEL PRESBITERO, MR. JILBERT ARING (each "Attorney-in-Fact") with principal address at 26th Floor BDO Towers, formerly Citibank Towers, 8741 Paseo de Roxas, Makati City, in the Corporation's name, place and stead, to represent the Corporation before the Bureau of Internal Revenue in relation to its audit of the Corporation's alleged tax liabilities covering the period January 1, 2020 to December 31, 2020, pursuant to Letter of Authority No. LOA-059-2021-00000337/eLA201600083405 dated December 15, 2021. "RESOLVED FURTHER, that the Corporation hereby gives and grants unto said authorized representatives or attorney-in-fact full powers and authority to do and perform all and every act requisite or necessary to carry into effect the foregoing authority, as fully to all intents and purposes as it might or could lawfully do, with full power of substitution and revocation, and hereby ratifying and confirming all that said attorney or his authorized representative shall lawfully do or cause to be done by virtue thereof; and" "RESOLVED FINALLY, that the foregoing resolutions are valid, binding and subsisting instructions of the Board of Directors of MARY MEDIATRIX MEDICAL CENTER, INC. Such other parties have the right to rely upon said resolutions until and unless they have received a copy of a subsequent Secretary's Certificate or Board Resolution expressly superseding/invalidating the above referred Resolutions."
BR No. 2022- 002	"RESOLVED, that Executive Committee resolution No. 2022-001 Arch. Martin De Castro Consultancy is duly noted and ratified."
BR No. 2022- 003	"RESOLVED, that the Board hereby declines the offer of Dr. Maryann Hidalgo to sell her 7,000 shares and Dr. Constancio Reyes to sell his 500 shares at P2,000.00 net per share."

BR No. 2022- 004	"RESOLVED, that the following medical applicants are hereby approved: FROM VISITING TO ASSOCIATE ACTIVE John Rodolfo D. Susan, Jr., MD -Otolaryngology (Head and Neck Surgery) Richel R. Visleño, MD -Industrial Medicine (Occupational Health & Safety) FROM PROVISIONAL TO VISITING Kristel Mae Majal M. Orlanda Reyes - Occupational Medicine VISITING Lauren Victoria Rellora MD -General Surgery ASSOCIATE ACTIVE Katrina Elys A. Suilan Calatayud MD -Internal Medicine - Rheumatology Jacqueline Denise Palines, MD -Neurology & Sleep Medicine
BR No. 2022- 005	"RESOLVED, that the Annual Stockholders' Meeting will be held on June 25, 2022 and the record date of closing the transfer books is set on June 10, 2022."
BR No. 2022- 006	"RESOLVED, that the Board hereby declines the offer of the heirs of Dr. Tito C. Atienza to sell his 1,000 shares at Php 1,754.00 per share."
BR No. 2022- 007	"RESOLVED, That the Board of Directors, by unanimous vote, approved the Financial Statements for the year 2021, as presented by its external auditor, Ms. Carolina P.I Angeles from Reyes Tacandong & Co."
BR No. 2022- 008	"RESOLVED, That the Board hereby approves the renewal of the Standby Letter of Credit with BDO to secure the electricity consumption with Bac-Man Geo-thermal, Inc."

Item 19. Voting Procedures

(a) Every shareholder shall be entitled to one (1) vote for each share of stock standing in his name on the books of registrant, unless the law provides otherwise. Cumulative voting may be used in the election of the members of the Board of Directors.

(b) The votes required for (1) ratification of reports, acts, and resolutions of the Board of Directors and Management, and (2) appointment of external auditor shall be the majority vote of the shareholders.

(c) Voting shall be done by secret ballots and counting of votes shall be conducted by the Nomination and Election Committee.

UPON WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AS FILED WITH THE SEC, FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

GARNEY M. CANDELARIA
Corporate Secretary

MARY MEDIATRIX MEDICAL CENTER, INC.
J.P. Laurel Highway, Mataas na Lupa, Lipa City, Batangas

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on June 1, 2022.

MARY MEDIATRIX MEDICAL CENTER, INC.

By:

GARNEY M. CANDELARIA
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DR. ERNESTO O. DOMINGO**, Filipino, of legal age and a resident of Tierra Pura, Tandang Sora, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MARY MEDIATRIX MEDICAL CENTER, INC. and have been its independent director since 2016.

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Medical Test Systems, Inc.	Vice President, Member Board of Directors	Nov. 15, 1979

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

4. I am not related to any of the directors/officers/substantial shareholders of MARY MEDIATRIX MEDICAL CENTER, INC. other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

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

7. I shall inform the Corporate Secretary of MARY MEDIATRIX MEDICAL CENTER, INC. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 10 2022 day of ______________, at PASIG CITY.

DR. ERNESTO O. DOMINGO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2022 day of ______________ at PASIG CITY, affiant personally appeared before me and exhibited to me his DL No. N10-67-020812 valid until June 24, 2024.

Doc. No. 181;
Page No. 38;
Book No. 191;
Series of 2022.

ATTY. FERDINAND D. AYAHAO
Notary Public
Appointment No. 184 (2020-2021)
Extended Until June 30, 2022
For Pasig City, Pateros and San Juan City
Roll No. 46317; MCLE Exemption No. VII-BEP003719; 03-24-22
IBP LRN 02459; O.R. No. 535806; 06-21-2001
TIN 123-011-785; PTR 8125985; 01-05-22; Pasig
Unit 5, G/F West Tower, PSE Bldg., Exchange Road
Ortigas Center, Pasig City Tel. 0285452321

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DR. JOSE TEODORO VILLANUEVA**, Filipino, of legal age and a resident of 277 MK Lina St., San Jose Subd., Lipa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MARY MEDIATRIX MEDICAL CENTER, INC.

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Lipa City Medical Society	Member	
Pugad Lawin Philippines, Lipa Chapter	Member	
Philippine Academy of Medical Specialists	Diplomate	

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

4. I am not related to any of the directors/officers/substantial shareholders of MARY MEDIATRIX MEDICAL CENTER, INC.

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

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

7. I shall inform the Corporate Secretary of MARY MEDIATRIX MEDICAL CENTER, INC. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 10 2022 day of ____________, at Lipa City.

DR. JOSE TEODORO VILLANUEVA
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of MAY 10 2022 at Lipa City, affiant personally appeared before me and exhibited to me his ____________ valid until ____________.

Doc. No. 431;
Page No. 88;
Book No. V;
Series of 2022.

GERALD BOWEL M. RESUELLO
Notary Public for Lipa City
Appointment No. 2021-011-N until December 31, 2022
Roll of Attorneys No. 73153
PTR No. 6029270/Lipa City/01-03-2022
IBP No. [redacted]/01-[redacted]-2022/Batangas Chapter
MCLE Compliance No. VII-0006232/April 14, 2025
Laco Inandan and Resuello Law
125 Purok 2 Barangay San Sebastian
Lipa City, Philippines

GERALD BOWEL M. RESUELLO
NOTARY PUBLIC
ROLL NO. 73153
LIPA CITY, PHILIPPINES

MARY MEDIATRIX MEDICAL CENTER, INC.
MANAGEMENT REPORT

MANAGEMENT REPORT

A. General Information

Mary Mediatrix Medical Center, Inc. (MMMCI or the Company) was originally incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as a close Company under the name Magsino General Hospital, Inc. on November 16, 1977.

The Company's primary purpose was to establish, operate, own and/or maintain a hospital or hospitals, medical and clinical laboratories and such other enterprises which may have similar or analogous undertaking or dedicated to services in connection therewith.

The Company presently operates Mary Mediatrix Medical Center (MMMC or the Hospital), a tertiary level four hospital in Lipa City, Batangas.

The Company started operations of the Hospital in the 1960's as Magsino General Hospital, a two-storey facility with 30 bed capacity and adequate basic needs. In 1994, the Company amended its name to Mary Mediatrix Medical Center, Inc. and increased its bed capacity to 100 and offered advanced diagnostic services to cater to its large patient base.

In 2013, the Company received the ISO 9001:2008 certification, which attests to international quality standards of the Hospital, enhancing customer satisfaction. In 2014, the Company added an annex building housing its new dialysis center, more patient rooms, and a larger emergency room, and eventually increased its bed capacity to 200 beds. This symbolizes the relentless commitment of the Company to provide healthcare of the highest standards to the people of the region.

The Company's principal place of business is located at J.P. Laurel Highway, Mataas na Lupa, Lipa City.

In February 2016, the Company and Mount Grace Hospitals, Inc. (MGHI), a stock Company whose main purpose is to invest in the medical and healthcare industry, entered into a Share Acquisition Agreement wherein MGHI subscribed to at most twenty percent (20%) of the Company's total issued and outstanding capital stock when taken together with Health Delivery Systems, Inc. (HDSI), which is a related party of MGHI and an already existing stockholder of the Company.

In February 2019, the SEC approved the Company's increase in authorized capital stock from 750,000 shares at 100 par value to 1,500,000 shares at 100 par value, and the corresponding stock dividends were distributed to the stockholders of record as of December 31, 2016.

Due to the Covid-19 pandemic, the Company was constrained to decrease its bed capacity from 200 to 120 this in 2021.

Status of Operations

The principal services offered by the Hospital are divided into ancillary services and nursing services. Ancillary services include the cardiovascular center, food and nutrition, physical medicine & rehabilitation center, weight management, skin center, industrial corporate center, hearing and balance center, eye center, radiology, pulmonary center, nuclear medicine center, neuroscience center, dental clinic, laboratory medicine and clinical pharmacy. Nursing services include cardiovascular operating room, catheterization laboratory, dialysis services, surgical services, emergency medicine, nursery & well baby facilities, neonatal intensive care unit, cardiac care unit, chemotherapy & blood transfusion unit, bone competence center, intensive care unit, infection control, diagnostic & therapeutic endoscopy unit and diabetes educational clinic. The Hospital also caters to the growing industrial and corporate sector of the Calabarzon region with an average of 9,000 patients per month for preventive and therapeutic health care.

The contributions of these services to revenues are discussed in the Management Discussion and Analysis section of this report.

MMMC can effectively compete with the other hospitals in the area because of its high-quality patient care with the most number of medical specialists on its roster at 300 doctors actively practicing in the institution. MMMC also has accredited training programs in Internal Medicine, Pediatrics as well as Cardiology Fellowship training. MMMC has the most modern and updated equipment with the widest range of ancillary services available in the area and has the highest number of accredited HMOs and Insurances. Furthermore, MMMC's organizational and functional structure results in very efficient operations and financial management which makes it a consistent market leader.

The Company's primary suppliers of medicines are Zuellig Pharma Corp., United Laboratories, Inc. and Metro Drug, Inc. while medical supplies are sourced from Niles Company, AMHSCO and FAS.

The Company is not dependent on any single or few patients within the locality. It is widely spread among both the locals and foreigners in Lipa City and other nearby towns and cities within the Calabarzon Region.

On April 23, 2018, the SEC approved the amendment of the Company's primary purpose to include the training and development of qualified physicians, surgeons, nurses, and other medical professionals so that the Company may be accredited as a local continuing professional development provider by the Professional Regulation Commission (PRC).

The Company is not involved in any bankruptcy, receivership, or any similar proceedings; and there is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

B. Market Price of and Dividends required by Part II of Annex C, as amended

Market Information

The common stock of the Company is not listed in any stock exchange nor is it actively traded.

Stockholders

As of April 30, 2022, the Company has 243 stockholders. Below is the list of the top 20 stockholders.

No.	Stockholder	No. of Shares	%
1	MOUNT GRACE HOSPITALS, INC.	143,047	12.80
2	MAGSINO, VICENTE M. JR.	82,310	7.37
3	PANGANIBAN, MARY ANN FRANCES M.	82,310	7.37
4	MAGSINO, JAIME AMADO	81,310	7.28
5	MAGSINO, ROBERT M.	81,309	7.28
6	HEALTH DELIVERY SYSTEM, INC.	79,999	7.16
7	PANGANIBAN, MARISSA PATRICIA M.	78,330	7.01
8	MANALO, MA. TERESA M.	67,850	6.07

9	SONGCO, MARILOU M.	63,870	5.72
10	MAGSINO, LILLIAN	51,050	4.57
11	PARRENAS, HEDDA	40,000	3.58
12	VILLANUEVA, JOSE TEODORO	17,500	1.70
13	HIDALGO, MARY ANN A.	17,000	1.52
14	MERCADO, EDWIN M.	10,000	0.89
15	REYES, ROSA	4,000	0.36
16	SONGCO, JULIE ANNE PATRICIA M.	4,000	0.36
17	LAT, SUSAN MERCADO	3,500	0.31
18	COMIA, CRISTINA T.	3,000	0.27
19	MAGSINO, CELSO L.	3,000	0.27
20	POMPA, ZACHARY ISAAC K.	2,250	0.20

Dividends

The Company has declared the following dividends:

Date of Declaration	Record Date	Type	Payment Date	Amount
2 December 2021	31 December 2019	Cash	To be paid no later than July 2022	₱77.07 per share
25 November 2019	31 December 2018	Cash	To be paid no later than December 31, 2020	₱110.10 per share

Recent Sales of Unregistered Securities

The Company does not have any unregistered securities.

C. The financial statements for the fiscal year ended 31 December 2021 and Interim financial statements as of March 31, 2022 are attached to this Information Statement.

D. Management's Discussion and Analysis (MD&A) or Plan of Operation

The following discussion and analysis should be read in conjunction with the accompanying financial statements and the related notes. The financial statements, and the financial information below, have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Below are the financial highlights of the Company's operation for the three months ended March 31, 2022, and 2021 and financial position as of March 31, 2022, and December 31, 2021.

	Three Months Ended March 31	
	2022	2021
REVENUE	**352,485,175**	332,324,469
COST OF SALES AND SERVICES	**220,573,234**	228,300,364
GROSS PROFIT	**131,911,941**	104,024,105
GENERAL AND ADMINISTRATIVE EXPENSES	**68,612,609**	53,504,755
OPERATING PROFIT	**63,299,332**	50,519,350
INTEREST EXPENSE	**(2,435,143)**	(2,831,594)
OTHER INCOME	**2,520,883**	689,104
INCOME BEFORE INCOME TAX	**63,385,072**	48,376,860
PROVISION FOR INCOME TAX	**15,841,650**	20,703,851
NET INCOME	**47,543,422**	27,673,009
OTHER COMPREHENSIVE INCOME	**-**	14,503,373
TOTAL COMPREHENSIVE INCOME	**47,543,422**	42,176,382

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**151,053,952**	104,734,145
Trade and other receivables	**160,758,738**	187,100,115
Inventories	**63,606,279**	65,336,570
Other Current Assets	**13,555,276**	13,433,598
Total Current Assets	**388,974,245**	370,604,428
Noncurrent Assets		
Property and equipment		
At cost	**1,491,508,414**	1,515,725,946
At revalued amount	**494,132,000**	494,132,000
Right of Use Asset	**9,732,617**	9,936,797
Other Non-current Assets	**64,760,825**	62,593,719
Total Noncurrent Assets	**2,060,133,856**	2,082,388,462
Total Assets	**2,449,108,101**	2,452,992,890
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**347,055,830**	404,600,185
Lease Liability - Current	**930,701**	1,064,261
Current portion of loans payable	**16,666,666**	16,666,666
Income Tax Payable	**15,744,936**	3,590,816
Total Current Liabilities	**380,398,133**	425,921,928

Noncurrent Liabilities		
Loans payable - net of current portion	**188,333,334**	193,888,890
Lease Liability - net of current portion	**9,863,700**	9,863,700
Net deferred tax liabilities	**26,693,847**	27,095,003
Net retirement benefits liability	**32,369,898**	32,369,898
Other noncurrent liabilities	**29,815,317**	29,763,021
Total Noncurrent Liabilities	**287,076,096**	292,980,512
Total Liabilities	**667,474,229**	718,902,440
Equity		
Capital stock	**111,950,000**	111,950,000
Additional paid-in capital	**902,487,967**	902,487,967
Stock dividends distributable	**–**	**–**
Retained earnings	**552,440,898**	504,897,476
Revaluation surplus on land	**211,078,204**	211,078,204
Cumulative net remeasurement gain on retirement benefits liability	**8,956,803**	8,956,803
Treasury stock	**(5,280,000)**	(5,280,000)
Total Equity	**1,781,633,872**	1,734,090,450
	2,449,108,101	2,452,992,890

Statement of Comprehensive Income

Revenue increased by 6% from 332.32 million in the first quarter of 2021 to 352.49 million during the first quarter of 2022. This is mainly due to decreasing COVID cases and lockdowns are put on hold as the economy is slowly getting back to normal. Revenues earned from hospital and ancillary increased by 12% from 287.23 million in the first quarter of 2021 to 322.15 million during the first quarter of 2022. Sale of medicines and medical supplies decreased by 50% during the first quarter 2022. Revenue from room and board increased by 2%.

The Company reclassified and combined the sale of medicine and medical supplies to inpatient and emergency case to revenues from healthcare services starting the financial statements for the year ended December 31, 2019, pursuant to PFRS 15 *Revenues from Contracts with Customers*. Management assessed that the reclassified sale of medicine and medical supplies are in consistent with the standard as they represent integral parts of rendering healthcare services.

Cost of sales, decreased as well by 3% from 228.3 million in 2021 to 220.57 million in 2022. Overall gross profit rate in 2021 was 31% compared to 37% during the first quarter of 2022.

There were no major operating expenses during the first quarter of 2022.

The Company registered a net income after tax of 47.54 million, an increase of 19.87 million or 72% compared to the first quarter of 2021 of 27.67 million.

Statement of Financial Position

The Company's total assets for the three months ended March 31, 2022 amounted to 2,449.11 million which decreased from the 2,452.99 million in 2021. Significant increase in cash and cash equivalents of 46.32 million or 44% is a result of the increase in revenues and increase in cash collections during the first quarter. Assets were heavily banked on land, building and investments on medical equipment which amounted to 1,985.64 million or 81% of the total assets.

There are no material off-balance sheet transactions, obligations and other relationships with unconsolidated entities created during the period.

Total liabilities amounted to 667.47 million which decreased by 7% from 718.90 million in 2021. The Company has been consistently paying its obligations to creditors and to the bank.

Stockholders' equity amounted to 1,781.63 million in 2022 which increased by 47.54 million from 1,734.09 million as at December 31, 2021 as a result of the net income incurred for the period.

Below are the financial highlights of the Company's operation for the years ended December 31, 2021, 2020, and 2019 and financial position as at December 31, 2021, 2020, and 2019.

(in Millions)	**2021**	**2020**	**2019**
Statement of Comprehensive Income			
Revenue	1,495.40	1,022.44	1,514.96
Cost of sales and services	985.28	803.79	967.33
Operating expenses (including interest expense)	(291.21)	(260.21)	(260.99)
Other income	2.11	8.57	20.29
Provision (benefit) for income tax	63.85	(8.71)	91.61
Net income (loss)	157.17	(24.27)	215.32
Other comprehensive income (loss)	16.99	1.49	(10.61)
Statement of Financial Position			
Cash and cash equivalents	104.73	76.05	114.49
Trade and other receivables	187.10	119.56	119.03
Inventories	65.34	73.60	71.69
Prepaid income tax	–	15.66	–
Other current assets	13.43	13.11	9.97
Total Current Assets	370.60	297.98	315.18

Property and equipment	2,009.86	2,037.32	1,911.63
Right-of-use assets	9.94	10.75	13.97
Other noncurrent assets	62.59	49.42	101.61
Total Assets	2,452.99	2,395.47	2,342.39
Total Current Liabilities	425.92	614.90	392.91
Total Noncurrent Liabilities	292.98	134.52	277.13
Total Liabilities	718.90	749.41	670.04
Capital stock	111.95	111.95	111.95
Additional paid-in capital	902.49	902.49	905.99
Stock dividends distributable	–	–	–
Retained earnings	504.90	433.85	458.12
Revaluation surplus on land	211.08	197.01	197.01
Cumulative remeasurement gain	8.96	6.04	4.55
Treasury stock	(5.28)	(5.28)	(5.28)
Total Equity	1,734.09	1,646.06	1,672.34
Total Liabilities and Equity	2,452.99	2,395.47	2,342.39

**Differences are due to rounding off*

COMPARING DECEMBER 31, 2021 AND 2020

Statement of Comprehensive Income

Revenue increased by 46% from 1,022.4 million in 2020 to 1,495.4 million in 2021. This is mainly from the increase in revenues earned from hospital and ancillary services which increased by 70% or 570.7 million in 2021 from the 811.7 million in 2020. The increase was due to the recovery of the economy from the impact of the COVID-19 pandemic starting March 2020, resulting in a slight growth because of the uplifted lockdowns.

Cost of sales, consequently, increased by 23% from 803.8 million in 2020 to 985.3 million in 2021.

Further, operating expenses posted an increase of 10% or 26.5 million. The increase was mainly due to the net effect of the following expenses:

- Increase in salaries and wages due to uplifted lockdowns, regular work schedule and across the board salary increase
- Increase in office supplies during the year and
- Additional provision for expected credit loss

The Company registered a net income after tax of 157.2 million, an increase of 181.4 million or 747% compared to 2020 of net loss after tax of 24.3 million.

Statement of Financial Position

The Company's total assets for the year ended December 31, 2021 amounted to 2,453.0 million which increased by 2% from the 2,395.5 million in 2020. The increase was mainly due to the continuous construction, renovation and acquisition of fixed assets. Assets were heavily banked on land, building and investments on medical equipment which amounted to 1,614.4 million or 67% of the total assets. Construction in progress account increased by 95.4 million mainly due to the parking building and
cancer center which construction commenced in 2019 and completed in the first quarter of 2021. Moreover, medical equipment increased by 90.2 million due to acquisition of medical equipment necessary as a response to the COVID-19 pandemic and for the cancer center.

Total liabilities amounted to 718.9 million for the year ended December 31, 2021 which decreased by 4% from the 749.4 million in 2020. The increase was mainly due to availment of loans from a bank with aggregate amount of 80.0 million during the year, trade payables and retention payable in connection with the construction of parking building and cancer center. Consequently, stockholders' equity amounted to 1,734.0 million which increased by 5% from the 1,646.0 million in 2020. Also, the Company has been consistently paying its obligations to creditors for capital expenditures while consistently maintaining a healthy level of cash flows for operations.

Key Performance Indicators

A. Hospital Census

The Company's inpatient days increased by 13% from 30,548 in 2020 to 34,422 in 2021. The Company's revenue from admissions decreased by 48% from 103.9 million in 2019 to 54.5 million in 2020.

B. Receivables Management

The Company provided allowance for estimated credit losses based on the provision matrix.

C. Inventory Management

On a regular basis, the Company maintains its inventories at a level appropriate to efficiently continue its operations. The Company regularly reviews the reorder quantity and lead-time to ensure that inventory is kept at an optimum level.

D. Payables Management

The Company has been consistently paying obligations to creditors while consistently maintaining a healthy level of cash flows for our operations.

COMPARING DECEMBER 31, 2020 AND 2019

Statement of Comprehensive Income

Revenue decreased by 34% from 1,515.0 million in 2019 to 1,022.4 million in 2020. This is mainly from the decrease in revenues earned from hospital and ancillary services which declined by 38% or 488.2 million in 2020 from the 1,299.9 million in 2019. The decrease was due to the impact of the COVID-19 pandemic starting March 2020, resulting in a slowdown of the Philippine economy because of the mandated lockdowns and travel restrictions all over the country. The Company's admissions fell tremendously until the third quarter of 2020. In addition, the Company purposefully curtailed elective surgery and other noncritical medical services until the easing of lockdowns in June 2020.

Cost of sales, consequently, decreased by 20% from 967.3 million in 2019 to 803.8 million in 2020.

Further, operating expenses posted a decrease of 2% or 6.3 million. The decrease was mainly due to the net effect of the following expenses:

· Decrease in salaries and wages due to limited workforce as a result of mandated lock-down and travel restrictions;

- Decrease in office supplies due to work-from-home arrangement; and
- Increase in provision for expected credit losses due to decline in collections during 2020.

The Company registered a net loss after tax of 24.3 million, a decrease of 191.0 million or 89% compared to 2019 of net income after tax of 215.3 million.

Statement of Financial Position

The Company's total assets for the year ended December 31, 2020 amounted to 2,395.5 million which increased by 2% from the 2,342.4 million in 2019. The increase was mainly due to the continuous construction, renovation and acquisition of fixed assets. Assets were heavily banked on land, building and investments on medical equipment which amounted to 1,614.4 million or 67% of the total assets. Construction in progress account increased by 95.4 million mainly due to the parking building and
cancer center which construction commenced in 2019 and completed in the first quarter of 2021. Moreover, medical equipment increased by 90.2 million due to acquisition of medical equipment necessary as a response to the COVID-19 pandemic and for the cancer center.

Total liabilities amounted to 749.4 million for the year ended December 31, 2020 which increased by 12% from the 670.0 million in 2019. The increase was mainly due to availment of loans from a bank with aggregate amount of 80.0 million during the year, trade payables and retention payable in connection with the construction of parking building and cancer center. Consequently, stockholders' equity amounted to 1,646.0 million which decreased by 2% from the 1,672.3 million in 2019. Also, the Company has been consistently paying its obligations to creditors for capital expenditures while consistently maintaining a healthy level of cash flows for operations.

Key Performance Indicators

Key Performance Indicators	Q1 2022	YEAR 2021	YEAR 2020
Hospital Census	Company's inpatient days in the first quarter of 2022 is 7,220	Company's inpatient days for the year 2021 is 34,422	Company's inpatient days for the year 2020 is 30,548
Receivable Management	Estimated credit losses based on the provision matrix		
Inventory Management	On a regular basis, the Company maintains its inventories at a level appropriate to efficiently continue its operations. The Company regularly reviews the reorder quantity and lead-time to ensure that inventory is kept at an optimum level.		
Payables Management	The Company has been consistently paying obligations to creditors and to the bank.		
Ratio of income before tax to revenue	18%	15%	-3%

1.

Causes for Material Changes from Period to Period of Financial Statements including vertical and horizontal analyses (5%)

a. Cost of Sales	Decrease by 3%	Directly attributable to decline on revenue. Decrease is brought by the management initiative to minimize costs.
b. Interest Expense	Decrease by 14%	Due to the decrease or repayment of principal on loans.
c. Other Income	Increase by 266%	Due to the significant increase on other income generating services of the company.
d. Income Tax Expense	Decrease by 24%	The decrease is attributable to the effect of the changes on tax rates due to Create Law.
e. Cash and Cash Equivalents	Increase by 44%	The increase is a result of the increase on revenue and cash collection during the first quarter.
f. Trade and Other receivables	Decrease by 14%	Due to the significant increase in the collection of receivables during the first quarter.
g. Inventories	Decrease by 3%	Decrease in inventory during the first quarter is due to the lower inventory days. Decrease is also due to the management's anticipation for the decrease on demand on covid drugs and supplies.
h. Other Noncurrent Assets	Increase by 35%	Increase is attributable to the increase on advances to contractors.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The financial statements of the Company for the years ended December 31, 2021, 2020 and 2019 has been audited by Reyes Tacandong & Co. and the partner in-charge is Ms. Carolina P. Angeles.

There have been no disagreements on accounting and financial disclosures between the Company and its current and past external auditors.

E. Directors, Executive Officers, Promoters and Control Persons

Please refer to Item 5(a) of this Information Statement.

F. Compliance with Corporate Governance

The Company adopted a Manual of Corporate Governance to institutionalize the rules and principles of good corporate governance in accordance with the Revised Code of Corporate Governance promulgated by the Securities and Exchange Commission (SEC). Its Manual on Corporate Governance was submitted to the SEC on March 8, 2018, in accordance with SEC Memorandum Circular No. 6, series of 2009.

Even prior to submission of the Company's Manual, the Nomination and Compensation Committees were already in place in the Company, and it also elected two (2) independent directors in 2017. Pursuant to the Manual, the Company has three (3) Board Committees, the Nomination, Compensation and Audit Committee which are all in the process of drafting their respective Committee Charters. A Compliance Officer was appointed in 2017, directly reporting to the Chairman of the Board to monitor compliance with the provisions and requirements of the Manual.

There are no known deviations from the Company's Manual of Corporate Governance. The Company, its Board of Directors and Executive Officers have substantially complied with the Manual.

In compliance with SEC Memorandum Circular No. 24, series of 2019, and SEC Memorandum Circular No. 19, series of 2020, the Company submitted its New Manual of Corporate Governance on September 29, 2020, with the Chairman of the Board and the Compliance Officer as signatories. The Company shall comply with its New Manual and has since revised its Board Committees in accordance therewith.

MARY MEDIATRIX MEDICAL CENTER
The Hub of Healthcare Experts
J.P Laurel Highway, Lipa City, Batangas, Philippines, 4217 Tel. (043) 773-6800

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR FINANCIAL STATEMENTS

The management of Mary Mediatrix Medical Center (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Clinton Campos Hess
Chairman of the Board

Dr. Robert M. Magsino
Chief Executive Officer

Godofredo V. Cruz, CPA
Chief Financial Officer

Signed this 12th day of April, 2022

SUBSCRIBED AND SWORN TO, before me this MAY 16 2022 at Lipa City, Province of Batangas, Philippines, affiant exhibiting to me his/her.

Doc. No.: 316
Page No.: 64
Book No.: 10
Series of 2022

LOUIE MARK M. DALAWAMPU
Notarial Commission No. 2022-0001/3-7-2022
Notary Public until December 31, 2024
IBP No. 171227/12-22-2021/Pasig City
PTR No. 6029250/1-3-2022/Lipa City
Roll No. 58518/5-5-2010

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C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 7 6 6 4 6

COMPANY NAME

M A R Y M E D I A T R I X M E D I C A L C E N T E R , I N C .

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

J . P . L a u r e l H i g h w a y , M a t a a s n a L u p a ,

L i p a C i t y , B a t a n g a s

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jlu@callejalaw.com	–	0917-538-5291

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
241	1st Saturday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JEAN MARIE L. UY	jlu@callejalaw.com	–	0917-538-5291

CONTACT PERSON'S ADDRESS

J.P. Laurel Highway, Mataas na Lupa, Lipa City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Mary Mediatrix Medical Center, Inc.
J.P. Laurel Highway, Mataas na Lupa
Lipa City, Batangas

Opinion

We have audited the financial statements of Mary Mediatrix Medical Center, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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 auditors' 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 PSA 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, these 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 PSA, 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 auditors' 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 the auditors' 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 audits.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until August 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

MARY MEDIATRIX MEDICAL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱104,734,145**	₱76,049,191
Trade and other receivables	5	**187,100,115**	119,566,737
Inventories	6	**65,336,570**	73,598,633
Prepaid income tax		**–**	15,662,220
Other current assets	7	**13,433,598**	13,105,719
Total Current Assets		**370,604,428**	297,982,500
Noncurrent Assets			
Property and equipment			
At cost	8	**1,515,725,946**	1,543,186,042
At revalued amount	8	**494,132,000**	494,132,000
Right-of-use assets	21	**9,936,797**	10,753,520
Other noncurrent assets	7	**62,593,719**	49,416,459
Total Noncurrent Assets		**2,082,388,462**	2,097,488,021
		₱2,452,992,890	₱2,395,470,521
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	**₱404,600,185**	₱414,392,587
Current portion of lease liabilities	21	**1,064,261**	503,561
Current portion of loans payable	10	**16,666,666**	200,000,000
Income tax payable		**3,590,816**	–
Total Current Liabilities		**425,921,928**	614,896,148
Noncurrent Liabilities			
Lease liabilities - net of current portion	21	**9,863,700**	10,927,961
Loans payable - net of current portion	10	**193,888,890**	30,000,000
Net retirement benefits liability	19	**32,369,898**	32,908,549
Net deferred tax liabilities	20	**27,095,003**	29,027,839
Other noncurrent liabilities	11	**29,763,021**	31,654,349
Total Noncurrent Liabilities		**292,980,512**	134,518,698
Total Liabilities		**718,902,440**	749,414,846
Equity			
Capital stock	12	**111,950,000**	111,950,000
Additional paid-in capital		**902,487,967**	902,487,967
Retained earnings		**504,897,476**	433,850,486
Revaluation surplus on land	8	**211,078,204**	197,006,324
Cumulative net remeasurement gain on retirement benefits liability	19	**8,956,803**	6,040,898
Treasury stock	12	**(5,280,000)**	(5,280,000)
Total Equity		**1,734,090,450**	1,646,055,675
		₱2,452,992,890	₱2,395,470,521

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
REVENUE	14	**₱1,495,394,209**	₱1,022,444,967	₱1,514,955,488
COST OF SALES AND SERVICES	15	**985,276,364**	803,785,628	967,327,039
GROSS PROFIT		**510,117,845**	218,659,339	547,628,449
GENERAL AND ADMINISTRATIVE EXPENSES	16	**280,405,850**	253,912,166	260,164,708
OPERATING PROFIT (LOSS)		**229,711,995**	(35,252,827)	287,463,7411
INTEREST EXPENSE	10	**(10,801,831)**	(6,293,290)	(821,718)
OTHER INCOME	18	**2,109,887**	8,565,485	20,288,055
INCOME (LOSS) BEFORE INCOME TAX		**221,020,051**	(32,980,632)	306,930,078
PROVISION FOR (BENEFIT FROM) INCOME TAX	20			
Current		**56,844,062**	6,318,834	87,870,736
Deferred		**7,003,274**	(15,025,156)	3,736,858
		63,847,336	(8,706,322)	91,607,594
NET INCOME (LOSS)		**157,172,715**	(24,274,310)	215,322,484
OTHER COMPREHENSIVE INCOME				
Not to be reclassified subsequently to profit or loss net of deferred tax				
Remeasurement gain (loss) on retirement benefits liability	19	**2,915,905**	1,488,519	(10,610,921)
Effect of change in tax rate on revaluation surplus on land	8	**14,071,880**	–	–
		16,987,785	1,488,519	(10,610,921)
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱174,160,500**	(₱22,785,791)	₱204,711,563
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	24	**₱141**	(₱22)	₱192

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2021**	2020	2019
CAPITAL STOCK	12			
Balance at beginning of year		**₱111,950,000**	₱111,950,000	₱56,500,000
Issuance of stock dividends distributable		**–**	–	55,450,000
Balance at end of year		**111,950,000**	111,950,000	111,950,000
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		**902,487,967**	905,989,615	912,713,967
Reissuance of treasury shares		**–**	–	1,175,000
Return of excess payment from sale of treasury shares		**–**	(3,501,648)	(7,899,352)
Balance at end of year		**902,487,967**	902,487,967	905,989,615
STOCK DIVIDENDS DISTRIBUTABLE	12			
Balance at beginning of year		**–**	–	55,450,000
Issuance of capital stock		**–**	–	(55,450,000)
Balance at end of year		**–**	–	–
RETAINED EARNINGS				
Unappropriated	12			
Balance at beginning of year		**133,850,486**	268,124,796	224,510,693
Net income (loss)		**157,172,715**	(24,274,310)	215,322,484
Dividends declared		**(86,125,725)**	–	(61,708,381)
Appropriation		**–**	(110,000,000)	(110,000,000)
Balance at end of year		**204,897,476**	133,850,486	268,124,796
Appropriated	12			
Balance at beginning of year		**300,000,000**	190,000,000	80,000,000
Appropriation		**–**	110,000,000	110,000,000
Balance at end of year		**300,000,000**	300,000,000	190,000,000
		504,897,476	433,850,486	458,124,796

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
OTHER COMPONENTS OF EQUITY				
Revaluation Surplus on Land	8			
Balance at beginning of year		**₱197,006,324**	₱197,006,324	₱197,006,324
Effect of change in tax rate on revaluation surplus on land		**14,071,880**	–	–
Balance at end of year		**211,078,204**	197,006,324	197,006,324
Net Remeasurement Gains on Retirement Benefits Liability	19			
Balance at beginning of year		**6,040,898**	4,552,379	15,163,300
Net remeasurement gain (loss) - net of deferred tax		**2,915,905**	1,488,519	(10,610,921)
Balance at end of year		**8,956,803**	6,040,898	4,552,379
		220,035,007	203,047,222	201,558,703
TREASURY STOCK	12			
Balance at beginning of year		**(5,280,000)**	(5,280,000)	(10,090,000)
Reissuance of treasury stock		**–**	–	4,810,000
Balance at end of year		**(5,280,000)**	(5,280,000)	(5,280,000)
		₱1,734,090,450	₱1,646,055,675	₱1,672,343,114

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱221,020,051**	(₱32,980,632)	₱306,930,078
Adjustments for:				
Depreciation and amortization	8	**145,917,827**	128,735,097	118,573,031
Provision for expected credit losses	16	**28,242,592**	22,726,485	2,415,008
Retirement expense	19	**7,315,089**	8,347,798	5,994,277
Interest expense	10	**10,801,831**	6,293,290	821,718
Interest income	4	**(88,868)**	(153,445)	(2,923,165)
Operating income before working capital changes		**413,208,522**	132,968,593	431,810,947
Decrease (increase) in:				
Trade and other receivables		**(95,775,970)**	(23,264,008)	(54,672,070)
Inventories		**8,262,063**	(1,909,829)	(4,929,913)
Other assets		**(13,505,139)**	49,058,262	2,263,836
Increase (decrease) in:				
Trade and other payables		**(47,053,119)**	49,204,720	73,978,776
Other noncurrent liabilities		**(1,891,328)**	(9,113,218)	(24,145,592)
Net cash generated from operations		**263,245,029**	196,944,520	424,305,984
Income tax paid		**(32,851,900)**	(44,075,094)	(80,344,338)
Interest paid	10	**(10,269,602)**	(5,731,663)	(186,294)
Contributions paid	19	**(4,541,191)**	(4,541,191)	(21,092,467)
Benefits paid		**–**	(300,000)	–
Interest received		**88,868**	153,445	2,923,165
Net cash provided by operating activities		**215,671,204**	142,450,017	325,606,050
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisition of property and equipment	8	**(117,641,008)**	(251,209,325)	(510,247,987)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for:				
Dividends	10	**(48,865,008)**	(3,692,507)	(69,786,109)
Loans payable	10	**(19,444,444)**	–	(4,125,000)
Lease liabilities	21	**(1,035,789)**	(2,488,817)	(4,319,605)
Return of excess payment from sale of treasury shares	12	**–**	(3,501,648)	(7,899,352)
Proceeds from:				
Loan payable	10	**–**	80,000,000	150,000,000
Issuances of treasury shares	12	**–**	–	5,985,000
Net cash provided by (used) in financing activities		**(₱69,345,241)**	₱70,317,028	₱69,854,934

(Forward)

		Years Ended December 31		
	Note	**2021**	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**₱28,684,954**	(₱38,442,280)	(₱114,787,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**76,049,191**	114,491,471	229,278,474
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱104,734,145**	₱76,049,191	₱114,491,471

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Mary Mediatrix Medical Center, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 18, 1977. The Company's primary purpose is to establish, operate, own and/or maintain a hospital or hospitals, medical and clinical laboratories and such other enterprises which may have similar or analogous undertaking or dedicated to services in connection therewith.

The Company presently operates Mary Mediatrix Medical Center (the Hospital), a level three referral tertiary hospital with 120 bed capacity in Lipa City, Batangas.

The Company's principal place of business is located at J.P. Laurel Highway, Mataas na Lupa, Lipa City, Batangas.

Approval of Financial Statements

The financial statements of the Company as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were authorized for issue by the Board of Directors (BOD) on April 12, 2022.

2. **Summary of Significant Accounting Policies**

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee, and SEC provisions.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values represent absolute amounts except when otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting except for land in the "Property and equipment" account which is measured at revalued amount. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and consideration received in exchange for incurring a liability.

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 transaction date.

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

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

Level 1 − Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by 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 asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3, Significant Judgments, Accounting Estimates and Assumptions
- Note 8, Property and Equipment
- Note 23, Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The amendment is effective for annual reporting periods beginning on or after April 1, 2021 but earlier application is permitted. The 2021 amendment is mandatory for entities that elected to apply the previous amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

    - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

Financial Assets and Liabilities

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.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"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.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2021 and 2020, the Company does not have financial assets and liabilities at FVPL and financial asset at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be 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 asset 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 allowance for impairment, if any. 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. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. 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.

As at December 31, 2021 and 2020, the Company's cash and cash equivalents and trade and other receivables (excluding advances to officers and employees) are classified under this category.

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.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021 and 2020, the Company's trade and other payables (excluding statutory payables and unearned income), loans payable, lease liabilities and other noncurrent liabilities (excluding unearned income) are classified under this category.

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. Meanwhile, 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 other comprehensive income (OCI).

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit loss (ECL). 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL 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 and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. 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. 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.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

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.

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.

Classification of Assets and Liabilities between Current and Noncurrent
The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate disclosure in the notes to financial statements.

Current Assets. The Company classifies an asset as current when:

a. it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
b. it holds the asset primarily for the purpose of trading;
c. it expects to realise the asset within twelve months after the reporting period; or
d. the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

a. it expects to settle the liability in its normal operating cycle;
b. it holds the liability primarily for the purpose of trading;
c. the liability is due to be settled within twelve months after the reporting period; or
d. it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

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

<u>Inventories</u>
Inventories consist of medicines and medical supplies. These are measured at the lower of cost and net realizable value (NRV). Cost includes all cost of purchase which comprise of purchase price, import duties, taxes (other than those recoverable from taxing authorities), transport and handling and other costs directly attributable to the acquisition of inventories. Cost is determined using the moving average method. For medicines and medical supplies for sale, NRV is the estimated selling price less cost to sell. For supplies used in the operations, NRV is the current replacement cost. In determining the NRV, the Company considers any adjustment necessary for obsolescence.

Prepaid Income Tax
Prepaid tax is composed of current year excess tax credits and quarterly payments which are carried forward to the succeeding year. Prepaid income tax is stated at their estimated net recoverable amount.

Other Assets
Other assets consist of deferred input VAT, prepayments, input VAT, advances to suppliers and advances to contractors. Other assets that are expected to be realized for no more than 12 months after the reporting date are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deferred input VAT represents the unamortized amount of input VAT on capital goods.

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 these are consumed in operations or expire with the passage of time.

Input VAT. Revenue, expenses and assets are recognized net of the amount of VAT, except for receivables and payables that are stated with the amount of VAT included. The net amount of input VAT recoverable from the tax authority is included as part of “Other current assets” account in the statements of financial position.

Advances to Suppliers. Advances to suppliers are payments made to suppliers for purchase of medical equipment. These are charged to the property and equipment account when the goods for which the advances were made are received.

Advances to Contractors. Advances to contractors represent funds advanced by the Company to its contractors in relation to its project. These are capitalized in the statements of financial position, upon actual receipt of services or supplies. These are charged to the construction in progress account when the goods or services for which the advances were made are received. Advances to contractors are applied against the supplier’s billings as specified in the provisions of the contract.

Interest in Joint Operation
The interest of the Company in a joint operation includes: (a) its share of the jointly controlled assets, classified according to the nature of the assets rather than as an investment; (b) any liabilities that it has incurred; (c) its share of any liabilities incurred jointly with other parties in relation to the joint operation; (d) its revenue from the sale of its share of the output arising from the joint operation, together with its share of any expenses incurred by the joint operation; and (e) any expenses that it has incurred in respect of its interest in the joint operation.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is stated at revalued amount less any impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where 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, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Subsequent to initial recognition, land is carried at revalued amount which represent fair values as determined by independent appraisers, less any accumulated impairment loss. Other property and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Any revaluation surplus is recognized in other comprehensive income and credited to the "Revaluation surplus on land" account in the statements of financial position. Any revaluation deficit directly offsetting a previous surplus is charged to OCI to the extent of any revaluation surplus in equity relating to the same asset and the remaining deficit, if any, is recognized in profit or loss. Upon disposal of the revalued assets, amount included in revaluation surplus is transferred to retained earnings. Revaluations are performed regularly to ensure that the carrying amount does not materially differ from that which would be determined using fair value at the end of reporting period.

Depreciation are computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Buildings and improvements	30 years
Medical equipment	5 to 8 years
Furniture and fixtures	5 years
Computer equipment	5 years

The estimated useful lives and depreciation are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Impairment of Nonfinancial Assets

The nonfinancial assets 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 exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Unearned Income

Unearned income consists of amounts received by the Company from its doctors as advance payments for the rent of clinic spaces. Unearned income that are expected to be realized for no more than 12 months after the reporting date are classified under "Trade and other payables" account in the statement of financial position. Otherwise, these are classified under "Other noncurrent liabilities" in the statement of financial position. Unearned income is recognized as revenue in profit or loss on a straight-line basis over the lease term.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds. Unpaid subscriptions are recognized as a reduction of subscribed common shares.

Additional Paid-in Capital. Additional paid-in capital includes any premium received in excess of par in the issuances of capital stock and additional contributions of stockholders without any issuance of shares. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Stock Dividends Distributable. Stock dividends distributable represents dividends in the form of shares of stock which are already declared but has not yet distributed.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration. Appropriated retained earnings represent the portion which has been restricted and are not available for dividend declaration. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders.

Other Components of Equity. Other components of equity comprise of revaluation surplus on land and cumulative remeasurement gains on net retirement liability which were not recognized in profit or loss. These incomes, when earned for the year, are classified as OCI and presented after net income in the statements of comprehensive income.

Treasury Stock. Acquisition of treasury stock by the Company is recorded at cost and shown as a deduction in the equity section of the statement of financial position. Upon reissuance of treasury stocks, the “Treasury stock” account is credited at cost. The excess of proceeds from reissuance over the cost of treasury stock is credited to additional paid-in capital. The excess of cost of treasury stock over the proceeds from reissuance is debited to additional paid-in capital but only to the extent of previously set-up additional paid-in capital for the same class of shares of stock. Otherwise, the excess is debited directly against retained earnings.

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 perform 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. The Company has assessed that it acts as a principal in all of its revenue sources.

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

Hospital and Ancillary Services. Revenue from hospital and ancillary services is recognized when the services are rendered and provided to patients.

Sale of Medicines and Medical Supplies. Revenue is recognized when medicines and medical supplies are delivered to outpatients.

Room and Board. Revenue from room and board is recognized based on actual room occupancy.

Discounts. Discounts pertain to patient discounts and package deal discounts. These also include senior citizen discount which is computed as 20% of the medically necessary care levels for the diagnosis and/or treatment of an illness or injury for senior citizen patients. Discounts are recognized as a reduction of the related revenues upon delivery of goods or rendering of services.

The following specific recognition criteria must also be met before other revenue items are recognized.

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

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

Other Income. Other income is recognized as revenue when earned.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Sales and Services. Cost of sales and services are recognized as expense when the related goods are sold or services are rendered.

General and Administrative. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market the goods and services. These are expensed when incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and

- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as Lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Company as Lessee
At the commencement date, the Company recognizes right-of-use (ROU) assets and a lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures the ROU assets at cost. The cost comprises:

- The amount of the initial measurement of lease liability;

- Any lease payments made at or before the commencement date less any lease incentives received;

- Any initial direct costs incurred by the Company; and

- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized under the same basis with property and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Employee Benefits

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

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

Retirement Benefits. The Company has a funded, tax-qualified, non-contributory post-employment benefit plan covering all regular full-time employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and nonroutine settlements, and net interest expense in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability is the change during the period in the net retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability. Net interest is calculated by applying the discount rate to the net retirement liability.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the retirement liability on which the obligations are reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date 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. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it 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 nor taxable profit nor loss.

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

Deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in other comprehensive income.

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

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period attributable to equity holders of the Company by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted earnings (loss) per share is computed in the same manner, adjusted for the effects of convertible securities. The Company has no dilutive instruments.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation when material. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at the end of each financial reporting year and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements, but are disclosed in the notes to financial statements unless the possibility an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Financial Reporting Date

Events after the financial reporting date that provide additional information about the Company’s financial position as at the financial reporting date (adjusting events) are reflected in the financial statements. Events after the financial reporting date 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 Company's financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Judgments

Determination of Functional Currency. Based on management's assessment, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

a. Quantitative Criteria - the borrower is more than 90 days past due on its contractual payments, which is consistent with the Company's definition of default.

b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

   - The borrower is experiencing financial difficulty or is insolvent;
   - The borrower is in breach of financial covenants;
   - Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
   - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Grouping of Instruments for ECL measured on a Collective Basis. For ECL provisions that are assessed on a collective basis, grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. For trade receivables, ECL is measured collectively based on type of debtor, such as self-pay, Philippine Health Insurance Corporation (PhilHealth), and Health Maintenance Organizations (HMO), among others.

Determination of Lease Commitments - Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Rental income amounted to ₱0.4 million, ₱1.7 million and ₱2.8 million in 2021, 2020 and 2019, respectively (see Note 21).

Determination of Lease Commitments - Company as a Lessee The Company has various non-cancellable lease agreements for its medical equipment for a period of three (3) to ten (10) years. The Company has assessed that these are low value, remaining terms are short-term and the considerations are variable. Accordingly, an ROU asset has not been recognized. The Company has also entered into non-cancellable lease agreements of parking space, land, building and equipment for a period of two (2) to 15 years. Accordingly, ROU assets and lease liabilities have been recognized.

Rent expense amounted to ₱10.4 million, ₱8.3 million and ₱23.7 million in 2021, 2020 and 2019, respectively (see Note 21).

ROU assets amounted to ₱9.9 million and ₱10.8 million as at December 31, 2021 and 2020, respectively. Lease liabilities amounted to ₱10.9 million and ₱11.4 million, as at December 31, 2021 and 2020, respectively (see Note 21).

Classification of Joint Arrangement. The Company has entered into joint arrangements for the purpose of operating various hospital and medical equipment. The Company has determined that it has joint control over the arrangement and has rights to the assets, and obligations for the liabilities, relating to the agreement. Accordingly, the agreement was accounted for as a joint arrangement.

<u>Estimates and Assumption</u>

Estimation of the Allowance for ECL on Trade Receivables. The Company uses a provision matrix based on historical default rates for trade receivables. The provision matrix specify provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any difference between estimates and actual experience.

Provision for ECL amounted to ₱28.2 million, ₱22.7 million and ₱2.4 million in 2021, 2020 and 2019, respectively (see Note 16). The Company's trade and other receivables (excluding advances to officers and employees), net of ECL amounted to ₱175.9 million and ₱109.9 million as at December 31, 2021 and 2020, respectively (see Note 5).

Assessment of the Impairment of Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL 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 are 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 are provided based on lifetime expected credit loss.

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
- actual or expected significant adverse changes in the operating results of the borrower.

The Company's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12 months expected credit losses. The Company has assessed that the ECL for 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 counterparties with good credit standing and relatively low risk of defaults. Accordingly, no impairment loss was recognized in 2021, 2020 and 2019.

The Company's cash and cash equivalents amounted to ₱104.7 million and ₱76.0 million as at December 31, 2021 and 2020, respectively (see Note 4).

Determination of the NRV of Inventories. In determining the NRV of inventories, the Company considers any adjustments for obsolescence which are due to damage, physical deterioration, changes in price levels or other causes. Management reviews on a regular basis the NRV of medicines and supplies inventories.

No allowance for inventory obsolescence was provided in 2021, 2020 and 2019. Inventories carried at lower of cost and NRV amounted to ₱65.3 million and ₱73.6 million as at December 31, 2021 and 2020, respectively (see Note 6).

Determination of the Revaluation Value of Land. The land is carried at revalued amount, which approximates its fair value at the date of the revaluation less any accumulated impairment losses. The valuation of land is performed by qualified independent appraisers. The fair value was arrived at using the market data approach based on the gathered available market evidences. Revaluations are made on a regular basis to ensure that the fair value does not differ materially from its carrying amounts.

Land carried at revalued amount amounted to ₱494.1 million as at December 31, 2021 and 2020 (see Note 8).

Estimation of the Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation for any period would be affected by changes in these factors and circumstances.

No change was made on the estimated useful lives of property and equipment in 2021 and 2020.

Property and equipment - at cost, net of accumulated depreciation amounted to ₱1,515.7 million and ₱1,543.2 million and as at December 31, 2021 and 2020, respectively (see Note 8).

Estimation of the ROU Assets and Lease Liabilities. The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Period covered by an option to extend a lease if the Company is reasonably certain to exercise the option, or periods covered by an option to terminate a lease if the Company is reasonably certain not to exercise that option, are included in the lease term. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

The Company uses its incremental borrowing rate as basis for the discount rate which is the rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Company uses its general borrowing rate adjusted for the lease term, security of an item with the underlying nature of the leased asset and expectations of residual value, among others.

ROU assets amounted to ₱9.9 million and ₱10.8 million as at December 31, 2021 and 2020, respectively. Lease liabilities amounted to ₱10.9 million and ₱11.4 million, as at December 31, 2021 and 2020, respectively (see Note 21).

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on its 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 the following:

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

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

No impairment loss on nonfinancial assets was recognized by the Company in 2021, 2020 and 2019. The carrying amount of nonfinancial assets as follows:

	Note	**2021**	2020
Advances to officers and employees	5	**₱11,186,896**	₱9,716,157
Prepaid income tax		–	15,662,220
Property and equipment - at cost	8	**1,515,725,946**	1,543,186,042
ROU assets	21	**9,936,797**	10,753,520
Other assets	7	**76,027,317**	62,522,178

Determination of the Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 19 to the financial statements and include, among others, discount rates and salary increase rates.

Retirement benefits cost amounted to ₱7.3 million, ₱8.3 million and ₱6.0 million in 2021, 2020 and 2019, respectively. The net retirement benefits liability amounted to ₱32.4 million and ₱32.9 million as at December 31, 2021 and 2020. The cumulative remeasurement gains on net retirement benefit liability, net of deferred tax, recognized in equity amounted to ₱9.0 million and ₱6.0 million as at December 31, 2021 and 2020, respectively (see Note 19).

Recognition of the Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed 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. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company's deferred tax assets amounted to ₱45.9 million and ₱58.9 million as at December 31, 2021 and 2020, respectively (see Note 20).

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱8,921,076**	₱14,560,340
Cash in banks	**91,315,019**	57,089,891
Cash equivalents	**4,498,050**	4,398,960
	₱104,734,145	₱76,049,191

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term investments in money market placements with maturities ranging from 30 to 90 days.

Interest income earned from cash in banks and cash equivalents amounted to ₱0.10 million, ₱0.2 million and ₱2.9 million in 2021, 2020 and 2019, respectively (see Note 18).

5. Trade and Other Receivables

This account consists of:

	2021	2020
Trade	**₱269,268,760**	₱178,164,129
Advances to officers and employees	**11,186,896**	9,716,157
Others	**1,000,000**	1,000,000
	281,455,656	188,880,286
Less allowance for ECL	**94,355,541**	69,313,549
	₱187,100,115	₱119,566,737

Trade receivables are receivables from patients and guarantors such as PhilHealth and HMO. Receivables from patients are due upon discharge or on agreed payment date while receivable from guarantors are generally on a 30 to 90 days credit term. These are noninterest-bearing.

Advances to officers and employees are cash advances used for certain operating expenses not covered by the disbursement of petty cash fund. These are subject to liquidation within one (1) to three (3) months.

Others pertain to investments that have already matured and are not yet collected. These are usually settled within one year.

Movements in the allowance for ECL are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱69,313,549**	₱46,587,064
Provision for ECL	16	**28,242,592**	22,726,485
Write-off		**(3,200,600)**	–
Balance at end of year		**₱94,355,541**	₱69,313,549

6. Inventories

This account consists of:

	2021	2020
Medicines	**₱47,056,353**	₱55,246,221
Medical supplies	**18,280,217**	18,352,412
	₱65,336,570	₱73,598,633

As at December 31, 2021 and 2020, the costs of these inventories are lower than its NRV.

The cost of inventories charged to cost of sales amounted to ₱75.9 million, ₱67.8 million and ₱102.4 million in 2021, 2020 and 2019, respectively (see Note 15).

7. Other Assets

This account consists of:

	2021	2020
Current:		
Current portion of deferred input VAT	**₱12,875,663**	₱11,540,412
Prepaid insurance	**557,935**	834,186
Input VAT	**–**	351,287
Others	**–**	379,834
	13,433,598	13,105,719
Noncurrent:		
Advances to suppliers and contractors	**41,877,433**	18,450,369
Deferred input VAT - net of current portion	**20,716,286**	30,966,090
	62,593,719	49,416,459
	₱76,027,317	₱62,522,178

Advances to contractors represent funds advanced by the Company to its contractors in relation to construction in progress. These are charged to the construction in progress account when the goods or services for which the advances were made are received. Advances to contractors are applied from the supplier's billings as specified in the provisions of the contract.

Advances to suppliers pertain mainly to advance payments made to suppliers for purchase of medical equipment and are generally applied within 12 months or within the normal operating cycle.

8. Property and Equipment

This account is classified as property and equipment carried at:

	2021	2020
Cost	**₱1,515,725,946**	₱1,543,186,042
Revalued amount	**494,132,000**	494,132,000
	₱2,009,857,946	₱2,037,318,042

The balances and movements of this account are as follows:

	2021						
	At Revalued Amount	**At Cost**					
	Land	**Buildings and Improvements**	**Medical Equipment**	**Furniture and Fixtures**	**Computer Equipment**	**Construction in progress**	**Total**
Cost							
Balances at beginning of year	**₱494,132,000**	**₱957,956,817**	**₱818,926,771**	**₱232,852,863**	**₱26,527,236**	**₱289,969,042**	**₱2,820,364,729**
Additions	**–**	**36,042,103**	**33,790,036**	**10,784,174**	**1,018,716**	**36,005,979**	**117,641,008**
Reclassifications	**–**	**271,710,000**	**–**	**–**	**–**	**(271,710,000)**	**–**
Balances at end of year	**494,132,000**	**1,265,708,920**	**852,716,807**	**243,637,037**	**27,545,952**	**54,265,021**	**2,938,005,737**
Accumulated Depreciation							
Balances at beginning of year	**–**	**292,203,234**	**364,384,238**	**105,787,483**	**20,671,732**	**–**	**783,046,687**
Depreciation	**–**	**43,068,647**	**70,295,047**	**29,728,115**	**2,009,295**	**–**	**145,101,104**
Balances at end of year	**–**	**335,271,881**	**434,679,285**	**135,515,598**	**22,681,027**	**–**	**928,147,791**
Carrying Amount	**₱494,132,000**	**₱930,437,039**	**₱418,037,522**	**₱108,121,439**	**₱4,864,925**	**₱54,265,021**	**₱2,009,857,946**

	2020						
	At Revalued Amount	At Cost					
	Land	Buildings and Improvements	Medical Equipment	Furniture and Fixtures	Computer Equipment	Construction in progress	Total
Cost							
Balances at beginning of year	₱494,132,000	₱837,733,136	₱728,749,754	₱166,891,973	₱25,134,089	₱316,514,452	₱2,569,155,404
Additions	–	5,476,533	90,177,017	58,771,441	1,393,147	95,391,187	251,209,325
Reclassifications	–	114,747,148	–	7,189,449	–	(121,936,597)	–
Balances at end of year	494,132,000	957,956,817	818,926,771	232,852,863	26,527,236	289,969,042	2,820,364,729
Accumulated Depreciation							
Balances at beginning of year	–	257,361,504	296,006,762	86,300,966	17,855,104	–	657,524,336
Depreciation	–	34,841,730	68,377,476	19,486,517	2,816,628	–	125,522,351
Balances at end of year	–	292,203,234	364,384,238	105,787,483	20,671,732	–	783,046,687
Carrying Amount	₱494,132,000	₱665,753,583	₱454,542,533	₱127,065,380	₱5,855,504	₱289,969,042	₱2,037,318,042

Details of the land at revalued amount are follows:

	2021	2020
At cost	**₱212,694,394**	₱212,694,394
Revaluation surplus at gross	**281,437,606**	281,437,606
Revalued amount	**₱494,132,000**	₱494,132,000

Revaluation surplus recognized in equity as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Revaluation surplus		**₱281,437,606**	₱281,437,606
Deferred tax		**(84,431,282)**	(84,431,282)
Change in tax rates	20	**14,071,880**	–
Balance at the end of the year		**₱211,078,204**	₱197,006,324

Fair Value Measurement

The valuation technique used in measuring the fair value of the land classified under Level 3 of the fair value hierarchy is the direct sales comparison approach. Significant unobservable inputs include price per square meter and value adjustments.

Under the direct sales comparison approach, fair value is estimated based on sales and listings of comparable property registered within the vicinity. The comparison was adjusted on the factors of location, shape, desirability, utility, size and time element, among others.

The latest appraisal report was made March 4, 2019.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate (per sq.m.) and rent escalation rate p.a. in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value measurement. The inputs to fair valuation are as follows:

- *Price per sq.m.* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to the comparative values in approximation to the investment property taking into account the location, size and features among others.

The Company's portion of land with total area of 8,836 square meters is held as a real estate mortgage for the loan obtained from a local bank on October 19, 2020 (see Note 10).

The Company's construction in progress consists of various renovations in the Hospital which were completed in 2020. It also includes the construction of the parking building and cancer center which was completed in the first quarter of 2021. The construction is expected to be completed in 2022.

As at December 31, 2021 and 2020, fully depreciated property and equipment with aggregate cost of ₱362.5 million and ₱308.9 million, respectively, are still in use.

Depreciation and amortization consist of:

	Note	**2021**	2020	2019
Property and equipment		**₱145,101,104**	₱125,522,351	₱115,496,404
ROU assets	21	**816,723**	3,212,746	3,076,627
		₱145,917,827	₱128,735,097	₱118,573,031

Depreciation and amortization is charged to operations as follows:

	Note	**2021**	2020	2019
Cost of sales and services	15	**₱129,009,974**	₱112,319,552	₱100,835,527
General and administrative expenses	16	**16,907,853**	16,415,545	17,737,504
		₱145,917,827	₱128,735,097	₱118,573,031

9. Trade and Other Payables

This account consists of:

	Note	**2021**	2020
Trade			
Third parties		**₱197,998,074**	₱228,062,785
Related party	13	**2,546,443**	2,694,560
Dividends		**101,459,323**	64,198,606
Provident and employee benefits premium payable		**28,653,717**	30,028,619
Accrued expenses		**27,040,687**	22,610,721
Professional fee payable	13	**24,693,738**	26,636,703
Statutory payables		**14,413,579**	3,454,443
Retention payable		**1,270,620**	30,275,082
Others		**6,524,004**	6,431,068
		₱404,600,185	₱414,392,587

Trade payables are noninterest-bearing and are usually settled within 30 to 60 days.

Provident fund contribution payable includes employee benefits usually for regular employees working for more than five (5) years which can be withdrawn anytime or upon resignation. Employee benefits premium pertains to benefits for key management personnel working for more than five years payable within the year.

Accrued expenses pertain to accruals for rent, personnel costs and outside services. These are usually settled within one year.

Professional fees pertains to the service fee of doctors received by the Company on behalf of the doctors which is normally settled within one (1) year.

Statutory payables pertain to various taxes payable to government agencies which are normally settled in the subsequent month.

Retention payable pertains to amounts retained from contractors’ payable at the completion of the construction.

10. Loans Payable

Loans payable is broken down as follows:

	2021	2020
Current portion of loan payable	**₱16,666,666**	₱200,000,000
Noncurrent portion of loan payable	**193,888,890**	30,000,000
Balance at end of year	**₱210,555,556**	₱230,000,000

In December 2019, the Company was granted by a local bank a term loan facility for ₱200.0 million to partially finance the construction of the parking building and cancer center and acquisitions of medical equipment. The term loan is for seven (7) years, payable in quarterly installments beginning from the second year of drawdown. The loan bears an annual interest of 4.75% and is subject to compliance with certain financial ratio requirements.

As at December 31, 2020, the Company is not compliant with the required current ratio. Accordingly, the Company classified the total loan amount of ₱200.0 million as part of current liabilities in the statements of financial position. The bank subsequently issued a waiver for the default in the required ratios. Outstanding balance on this loan facility amounted to ₱180.6 million and ₱200.0 million as at December 31, 2021 and 2020, respectively.

On October 19, 2020, the Company was granted by another local bank a term loan facility for ₱220.0 million to partially finance the construction of the Cancer Center. Drawdown from the facility amounting to ₱30.0 million was made on October 20, 2020. This loan is to be paid through equal quarterly amortization of ₱0.9 million from October 20, 2022 up to July 20, 2027 and a lump sum payment of ₱12.2 million on October 20, 2027. The loan bears interest at 4.75% annually and is secured by a real estate mortgage on a lot with a total area of 8,836 square meters (see Note 8). Outstanding balance on this loan facility amounted to ₱30.0 million as at December 31, 2021 and 2020.

The expected loan repayments over the remaining term of the loan are as follows:

	2021	2020
Not later than one (1) year	**₱16,666,666**	₱200,000,000
Later than one (1) year but not more than five (5) years	**193,888,890**	23,437,500
Later than five (5) years	**–**	6,562,500
	₱210,555,556	₱230,000,000

The changes in liabilities arising from financing activities as at December 31, 2021 and 2020 are as follows:

	2021			
	Loans Payable	**Dividends Payable (see Note 13)**	**Lease Liabilities (see Note 21)**	**Total**
Balance at beginning of year	**₱230,000,000**	**₱64,198,606**	**₱11,431,522**	**₱305,630,128**
Changes from financing cash flows	**(19,444,444)**	**(48,865,008)**	**(1,035,789)**	**(69,345,241)**
Noncash changes:				
Dividend declaration	**–**	**86,125,725**	**–**	**86,125,725**
Interest expense	**–**	**–**	**532,228**	**532,228**
Balance at end of year	**₱210,555,556**	**₱101,459,323**	**₱10,927,961**	**₱322,942,840**

	2020			
	Loans Payable	Dividends Payable (see Note 13)	Lease Liabilities (see Note 21)	Total
Balance at beginning of year	₱150,000,000	₱67,891,113	₱13,358,712	₱231,249,825
Changes from financing cash flows	80,000,000	(3,692,507)	(2,488,817)	73,818,676
Noncash changes:				
Interest expense	–	–	561,627	561,627
Balance at end of year	₱230,000,000	₱64,198,606	₱11,431,522	₱305,630,128

Interest expense charged in the statements of comprehensive income are as follows:

	Note	**2021**	2020	2019
Loans payable		**₱10,269,603**	₱5,731,663	₱186,294
Lease liabilities	21	**532,228**	561,627	635,424
		₱10,801,831	₱6,293,290	₱821,718

11. **Other Noncurrent Liabilities**

This account consists of:

	Note	**2021**	2020
Unearned income - net of current portion	21	**₱19,241,354**	₱18,799,349
Employee benefits premium - net of current portion		**9,666,667**	12,000,000
Others		**855,000**	855,000
		₱29,763,021	₱31,654,349

Employee benefits premium includes benefits for key management personnel working for more than five years payable upon resignation.

Unearned income pertains to advance rent from medical consultants for occupying the Medical Arts building with terms of 50 years.

12. Equity

Capital Stock

Details of capital stock are as follows:

	2021		2020		2019	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Authorized Capital Stock - ₱100 par						
At beginning of year	**1,500,000**	**₱150,000,000**	1,500,000	₱150,000,000	750,000	₱75,000,000
Increase in authorized capital stock	**–**	**–**	–	–	750,000	75,000,000
At end of year	**1,500,000**	**₱150,000,000**	1,500,000	₱150,000,000	1,500,000	₱150,000,000
Issued Capital Stock						
At beginning of year	**1,119,500**	**₱111,950,000**	1,119,500	₱111,950,000	565,000	₱56,500,000
Issuance of stock dividends distributable	**–**	**–**	–	–	554,500	55,450,000
At end of year	**1,119,500**	**₱111,950,000**	1,119,500	₱111,950,000	1,119,500	₱111,950,000

The Company has 241 and 225 stockholders as at December 31, 2021 and 2020, respectively.

In February 2019, the SEC approved the increase in authorized capital stock of the Company from 750,000 shares at ₱100 par value to 1,500,000 shares at ₱100 par value.

Retained Earnings

Appropriation

In December 2020 and 2019, the Company's BOD approved the additional appropriation of retained earnings amounting to ₱110.0 million of each year to complete the construction of the parking building and the cancer center and for the loan repayments. The construction is expected to be completed in 2022. (see Note 8 and Note 10).

Dividend Declarations

Stock Dividends

On June 5, 2017, the Company's BOD approved the declaration of stock dividends of one (1) share for every stock held to all stockholders of record as at December 31, 2016. The SEC approved the increase in authorized capital stock on February 2019. Accordingly, the stock dividends declared amounting to ₱55.5 million were reclassified from "Stock dividends distributable" account to "Capital stock" account in the statements of financial position as at December 31, 2019.

Cash Dividends

Cash dividends declared in 2021, 2020 and 2019 are summarized below.

Declaration Date	Stockholders on Record Date	Dividend Per Share	Amount
December 2, 2021	December 31, 2019	₱77.07	₱86,125,725
November 25, 2019	December 31, 2018	110.10	61,708,381
December 31, 2018	December 31, 2017	125.90	70,127,380

Treasury Stock

Movements in this account consist of:

	2021		2020		2019	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of year	**2,000**	**₱5,280,000**	2,000	₱5,280,000	4,500	₱10,090,000
Reissuance	**–**	**–**	–	–	(2,500)	(4,810,000)
Balance at end of year	**2,000**	**₱5,280,000**	2,000	₱5,280,000	2,000	₱5,280,000

In 2020 and 2019, the Company paid ₱3.5 million and ₱7.9 million, respectively, to return the excess payment from the sale of treasury shares. Moreover, the Company reissued 2,500 treasury shares for ₱6.0 million in 2019. The excess of the proceeds from the reissuance of treasury shares over cost is recorded as additional paid-in capital.

13. Related Party Transactions

In the normal course of business, the Company has transaction with its related parties as follows:

Related Party	Nature of Transactions	Transactions during the Year 2021	Transactions during the Year 2020	Balance at End of Year 2021	Balance at End of Year 2020	Terms and Conditions
Trade Payables						
Entity under common control	Purchase of goods and services	**₱1,232,350**	₱2,486,226	**₱2,546,443**	₱2,694,560	Unsecured, noninterest-bearing, payable on demand and to be settled in cash
Dividends Payable						
Stockholders	Declarations of dividends	**₱86,125,725**	₱–	**₱101,459,323**	₱64,198,606	Unsecured, noninterest-bearing, payable on demand and to be settled in cash

Compensation of Key Management Personnel

The compensation paid to key management personnel are as follows:

	2021	2020	2019
Short-term employee benefits	**₱21,219,177**	₱19,133,185	₱22,926,095
Long-term and post-employment benefits	**4,000,000**	5,282,793	28,542,070
	₱25,219,177	₱24,415,978	₱51,468,165

14. **Revenue**

The details of revenue disaggregated per revenue streams are as follows:

	2021	2020	2019
Hospital and ancillary services	**₱1,319,744,346**	₱811,705,045	₱1,299,873,964
Sale of medicines and medical supplies	**112,883,608**	156,214,633	111,140,164
Room and board	**62,766,255**	54,525,289	103,941,360
	₱1,495,394,209	₱1,022,444,967	₱1,514,955,488

15. **Cost of Sales and Services**

This account consists of costs for:

	Note	**2021**	2020	2019
Hospital and ancillary services		**₱887,340,913**	₱718,220,120	₱843,080,111
Sale of medicines and medical supplies	6	**75,898,218**	67,840,915	102,361,850
Room and board		**22,037,233**	17,724,593	21,885,078
		₱985,276,364	₱803,785,628	₱967,327,039

Cost of medicines and medical supplies comprise of:

	Note	**2021**	2020	2019
Balance at beginning of year		**₱73,598,633**	₱71,688,804	₱66,758,891
Purchases		**67,636,155**	69,750,744	107,291,763
Total available inventories		**141,234,788**	141,439,548	174,050,654
Balance at end of year	6	**(65,336,570)**	(73,598,633)	(71,688,804)
		₱75,898,218	₱67,840,915	₱102,361,850

Details of the cost of sales and services by nature are presented as follows:

	Note	**2021**	2020	2019
Cost of ancillary services		**₱502,182,207**	₱370,560,039	₱456,828,319
Personnel costs	17	**164,878,895**	154,162,775	159,300,049
Depreciation	8	**129,009,974**	112,319,552	100,835,527
Outside services		**62,675,384**	43,484,030	63,742,224
Cost of medicines and medical supplies		**75,898,218**	67,840,915	102,361,850
Utilities		**31,145,242**	30,092,356	31,418,241
Professional fees		**13,664,378**	22,573,342	33,880,784
Rent	21	**5,822,066**	2,752,619	18,960,045
		₱985,276,364	₱803,785,628	₱967,327,039

16. General and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Personnel costs	17	**₱107,458,215**	₱94,606,820	₱112,140,306
Input tax expense		**30,328,284**	25,232,804	10,679,379
Office supplies		**29,210,343**	19,120,851	32,041,376
Provision for ECL	5	**28,242,592**	22,726,485	2,415,008
Outside services		**20,105,708**	22,280,693	28,806,982
Depreciation	8	**16,907,853**	16,415,545	17,737,504
Taxes and licenses		**10,463,930**	9,472,942	9,567,244
Transportation		**6,787,546**	6,083,212	4,868,535
Professional fees		**6,255,209**	6,231,973	8,556,395
Communications		**6,154,563**	8,638,768	6,152,429
Representation		**5,309,659**	2,772,902	10,335,435
Rent	21	**4,559,089**	5,501,361	4,775,818
Insurance		**4,221,270**	3,462,697	2,999,219
Repairs and maintenance		**2,947,017**	2,821,347	5,749,072
Advertisement		**468,711**	563,945	557,083
Others		**985,861**	7,979,821	2,782,923
		₱280,405,850	₱253,912,166	₱260,164,708

Others pertain to expenses on events and recreation, membership and subscription dues, donations and input tax.

17. Personnel Costs

This account consists of:

	Note	**2021**	2020	2019
Short-term employee benefits		**₱265,022,021**	₱240,421,797	₱265,446,078
Retirement benefits	19	**7,315,089**	8,347,798	5,994,277
		₱272,337,110	₱248,769,595	₱271,440,355

Personnel costs charged to operations follows:

	Note	**2021**	2020	2019
Cost of sales and services	15	**₱164,878,895**	₱154,162,775	₱159,300,049
General and administrative expenses	16	**107,458,215**	94,606,820	112,140,306
		₱272,337,110	₱248,769,595	₱271,440,355

18. **Other Income**

This account consists of:

	Note	**2021**	2020	2019
Rebates from suppliers		**₱707,935**	₱5,108,148	₱10,699,402
Rental income	21	**412,379**	1,718,710	2,764,516
Affiliation fee		**151,210**	1,585,182	339,948
Interest income	4	**88,868**	153,445	2,923,165
Others		**749,495**	–	3,561,024
		₱2,109,887	₱8,565,485	₱20,288,055

Others pertain to income from sponsorships, trainings and sale of scrap materials.

19. **Retirement Benefits**

The Company has a funded, non-contributory defined benefit retirement plan covering all its regular full-time employees. The normal retirement age of the employee-member shall be the first day of the month coincident with his attainment of age 60 with at least five years of credited service. Early retirement age may be availed of with the consent of the Company provided that the employee has completed at least five years of credited service.

The latest actuarial valuation report using the projected unit credit method was for the year ended December 31, 2021.

The components of the retirement benefits cost recognized in profit or loss is presented below:

	2021	2020	2019
Current service cost	**₱6,090,543**	₱6,809,808	₱3,795,703
Net interest cost	**1,224,546**	1,537,990	2,198,574
	₱7,315,089	₱8,347,798	₱5,994,277

The changes in the present value of the retirement benefits liability are as follows:

	2021	2020
Balance at beginning of year	**₱49,634,432**	₱46,610,080
Current service cost	**6,090,543**	6,809,808
Interest cost	**1,960,560**	2,433,046
Remeasurement loss (gain):		
Changes in financial assumption	**(1,030,259)**	8,589,154
Changes in demographic assumption	**(7,212)**	–
Experience	**(3,075,927)**	(14,096,435)
Benefits paid	**(726,411)**	(711,221)
Balance at end of year	**₱52,845,726**	₱49,634,432

The changes in the fair value of plan assets are as follows:

	2021	2020
Balance at beginning of year	**₱16,725,883**	₱15,081,682
Interest income	**736,014**	895,056
Contribution	**4,541,191**	4,541,191
Benefits paid from plan assets	**(726,411)**	(411,221)
Remeasurement losses	**(800,849)**	(3,380,825)
Balance at end of year	**₱20,475,828**	₱16,725,883

The plan is being administered by a trustee-bank which is authorized to invest the fund as it deems proper. The fair value of plan assets approximates their carrying value as at December 31, 2021 and 2020. There are no risks that to which the plan assets exposes the Company.

The plan assets as at December 31, 2021 and 2020 consists of:

	2021	2020
Cash and cash equivalents	**2.05%**	2.77%
Government bonds	**35.28%**	44.72%
Other bonds	**19.81%**	25.11%
Unit investment trust funds	**41.62%**	22.46%
Others	**1.24%**	4.94%
	100%	100%

The net retirement benefits liability recognized in the statements of financial position is as follows:

	2021	2020
Present value of retirement benefits liability	**₱52,845,726**	₱49,634,432
Fair value of plan assets	**(20,475,828)**	(16,725,883)
	₱32,369,898	₱32,908,549

The cumulative net remeasurement gains on retirement benefits liability recognized in OCI follows:

	2021		
	Cumulative Remeasurement Gain	**Deferred Tax (Note 20)**	**Net**
Balance at beginning of year	**₱8,629,855**	**(₱2,588,957)**	**₱6,040,898**
Remeasurement gain	**3,312,549**	**(828,137)**	**2,484,412**
Change in tax rates		**431,493**	**431,493**
Balance at end of year	**₱11,942,404**	**(₱2,985,601)**	**₱8,956,803**

	2020		
	Cumulative Remeasurement Gain	Deferred Tax (Note 20)	Net
Balance at beginning of year	₱6,503,399	(₱1,951,020)	₱4,552,379
Remeasurement loss	2,126,456	(637,937)	1,488,519
Balance at end of year	₱8,629,855	(₱2,588,957)	₱6,040,898

The principal assumptions used to determine the retirement benefit liability as at December 31, 2021 and 2020 are as follows:

	2021	2020
Discount rate	**5.08%**	3.95%
Future salary increases	**5.00%**	4.00%
Average expected future service years	**25.8**	26.8

The sensitivity analysis of defined benefit obligation for principal assumptions used as at December 31, 2021 and 2020 follows:

	Effect to Present Value of Defined Benefit Obligation	
Principal assumptions	**2021**	2020
Discount rate:		
Increase by 1%	**(₱7,036,235)**	(₱6,944,549)
Decrease by 1%	**8,649,354**	8,571,581
Salary rate:		
Increase by 1%	**8,566,290**	8,476,367
Decrease by 1%	**(7,129,547)**	(7,002,217)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The maturity analysis of the undiscounted benefit payments follow:

	2021	2020
One (1) year or less	**₱329,072**	₱302,741
More than one (1) year to five (5) years	**9,315,404**	6,190,331
More than five (5) years to ten (10) years	**19,477,617**	14,836,887

The average duration of the expected benefit payments at the end of the reporting period is 14.9 years as at December 31, 2021.

20. **Income Taxes**

The components of income tax expense are as follows:

	2021	2020	2019
Reported in Profit or Loss			
Provision for current income tax:			
Regular corporate income tax (RCIT)	**₱58,423,770**	₱–	₱74,512,855
Minimum corporate income tax (MCIT)	**–**	6,318,834	–
(Benefit from) deferred income tax	**(3,185,420)**	(15,025,156)	(2,307,122)
Effect of change in tax rates	**8,608,986**	–	–
	₱63,847,336	(₱8,706,322)	₱72,205,733

	Note	**2021**	2020	2019
Reported in Other Comprehensive Income				
Provision for (benefit from) deferred income tax related to:				
Remeasurement loss (gain) on net retirement liability		**(₱828,137)**	(₱637,937)	₱1,488,519
Effect of change in tax rates on:	19			
Revaluation surplus	8	**14,071,880**	–	–
Remeasurement loss (gain) on net retirement liability		**431,493**	–	–
		₱13,675,236	(₱637,937)	1,488,519

The components of the Company's net deferred tax liabilities in the statements of financial position consist of:

	2021	2020
Deferred Tax Assets		
Allowance for impairment losses	**₱23,588,885**	₱20,794,065
Retirement benefits liability	**8,092,475**	9,872,565
Unearned income	**4,947,798**	5,804,756
Other employee benefits	**3,500,000**	5,400,000
Unamortized contribution to past service liability	**3,026,934**	4,151,224
Lease liability	**2,731,990**	3,429,457
Excess MCIT over RCIT	**–**	6,318,834
NOLCO	**–**	3,108,854
	45,888,082	58,879,755
Deferred Tax Liabilities		
Revaluation surplus	**70,359,402**	84,431,282
ROU assets	**2,484,199**	3,226,056
Prepaid insurance	**139,484**	250,256
	72,983,085	87,907,594
Net Deferred Tax Liabilities	**₱27,095,003**	₱29,027,839

The Company incurred excess MCIT over RCIT in 2020 amounting to ₱6.3 million which was utilized in 2021. Moreover, NOLCO incurred in 2020 amounting to ₱10.4 million was applied in 2021.

The reconciliation of the provision for income tax (benefit from) computed at the statutory tax rate to the provision for income tax shown in the statements of comprehensive income follows:

	2021	2020	2019
Income tax at statutory tax rate	**₱55,255,013**	(₱9,894,190)	₱92,079,023
Effect of change in tax rates on:			
Current income tax	**(1,579,709)**	–	–
Deferred income tax	**10,188,695**	–	–
Adjustments for:			
Interest income subjected to final tax	**(22,217)**	(46,034)	(876,950)
Nondeductible interest	**5,554**	19,181	–
Nondeductible expenses	**–**	1,214,721	405,521
	₱63,847,336	(₱8,706,322)	₱91,607,594

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) was approved and signed into law by the country's President. Under the CREATE, RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020.

The subsequent approval of CREATE, however, is considered as a non-adjusting event for financial reporting purposes. Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The income tax rates used for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively. The effect of changes in income tax rates in 2020 was reflected in 2021.

21. Commitments

Company as a Lessor

Lease of Clinic Space

The Company, as a lessor, has existing contracts with various practicing doctors. The contract shall be effective for 50 years which shall commence upon full payment of contract price.

Unearned income as at December 31, 2021 and 2020 is broken down as follows:

	Note	**2021**	2020
Current portion of unearned income	9	**₱549,839**	₱549,839
Noncurrent portion of unearned income	11	**19,241,354**	18,799,349
		₱19,791,193	₱19,349,188

Total rental income earned on the above operating leases amounted to ₱0.4 million, ₱1.7 million and ₱2.8 million in 2021, 2020 and 2019, respectively (see Note 18).

Company as a Lessee

Lease of Hospital Parking Space
In May 2018, the Company has entered into lease agreement of parking space with Videco Management and Holdings, Inc. The lease shall be for a period of two (2) years. The contract was terminated in 2020.

Lease of Hospital and Clinic Equipment
The Company entered into various lease contracts with terms between three (3) to five (5) years, renewable upon mutual agreement of parties and are subject to escalation rate depending on the agreed terms. Rentals for hospital and clinic equipment are on a per usage basis.

The Company applies the short-term leases and low-value assets recognition exemption for the lease of hospital and clinic equipment and medical equipment.

Rent expense charged to operations follows:

	Note	**2021**	2020	2019
General and administrative expenses	16	**₱4,559,089**	₱5,501,361	₱4,775,818
Cost of sales and services	15	**5,822,066**	2,752,619	18,960,045
		₱10,381,155	₱8,253,980	₱23,735,863

Lease of St. James Hospital's Assets
In April 2019, the Company entered into an agreement with St. James Hospital for the lease of assets of the latter. The leased assets consist of land, building where the primary hospital is situated and all existing machines, equipment, facilities, furniture and fixtures in the primary hospital that will be needed for operations. The lease shall be for a period of 15 years subject to renewal by mutual agreement with an option to buy at any time. The monthly rental fee is subject to three (3) percent (3%) escalation every two years.

The balances and movements in ROU assets follow:

	Note	**2021**	2020
Cost			
Balance at beginning and end of year		**₱17,042,893**	₱17,042,893
Accumulated Amortization			
Balance at beginning of year		**(6,289,373)**	(3,076,627)
Amortization	8	**(816,723)**	(3,212,746)
Balance at end of year		**(7,106,096)**	(6,289,373)
Carrying Amount		**₱9,936,797**	₱10,753,520

The balance and movements in lease liabilities follow:

	Note	**2021**	2020
Balance at beginning of year		**₱11,431,522**	₱13,358,712
Rental payments		**(1,035,789)**	(2,488,817)
Interest expense	10	**532,228**	561,627
Balance at end of year		**10,927,961**	11,431,522
Current portion of lease liabilities		**1,064,261**	503,561
Noncurrent portion of lease liabilities		**₱9,863,700**	₱10,927,961

Future minimum lease payments (MLP) and maturity analysis of lease liabilities are as follows:

	2021	2020
Within one (1) year	**₱1,066,863**	₱1,035,789
Between one (1) and five (5) years	**4,597,258**	4,463,358
More than five (5) years	**8,872,184**	10,072,948
	₱14,536,305	₱15,572,095

Joint Arrangements for Medical Equipment

In February 2011, the Company and HB Calleja National Heart Institute (HBHNI) entered into a Memorandum of Agreement (MOA) whereby the parties agreed to jointly undertake the management and operation of the cardiovascular equipment and facility. The cardiovascular equipment is to equip a catheterization laboratory, a cardiovascular operating room suite, and a coronary care unit for the Company's heart institute. Under the MOA, HBHNI will provide a complete package of cardiovascular equipment and the management and operation of the cardiovascular equipment. The contract was renewed in October 2019 for another period of five (5) years.

Joint Arrangements for Medical Equipment

In January 2019, the Company and Lipa Dent Digital Xray, Inc. entered into a joint operation including the acquisition, operation and maintenance of Cone Beam Computed Tomography Machine to be stationed within the premises of the Company. The agreement shall be for a period of five (5) years.

22. Financial Risk Management

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), trade and other payables (excluding statutory payables and unearned income), loans payable, lease liabilities and other noncurrent liabilities (excluding unearned income).

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD regularly reviews and approves policies for managing each of these financial risks as summarized below.

Liquidity Risk

The Company's exposure to liquidity risk relates primarily to the Company's ability to settle its financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Upon availability of cash, the principal amounts of the loans are paid immediately.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2021 and 2020 based on contractual undiscounted principal and interest payments:

	2021					
	Due and Demandable	**Less than 30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**	**Total**
Trade and other payables*	**₱49,531,483**	**₱32,207,149**	**₱23,970,411**	**₱15,581,939**	**₱268,345,785**	**₱389,636,767**
Loans payable***	**–**	**17,754,250**	**1,061,339**	**1,026,022**	**227,248,047**	**247,089,658**
Lease liabilities***	**–**	**86,737**	**86,737**	**86,737**	**14,241,061**	**14,501,271**
Other noncurrent liabilities**	**–**	**–**	**–**	**–**	**10,521,667**	**10,521,667**
	₱49,531,483	**₱50,048,136**	**₱25,118,487**	**₱16,694,698**	**₱520,356,560**	**₱661,749,363**

**Excluding statutory payables and unearned income amounting to ₱14.4 million and ₱0.5 million, respectively.*
***Excluding unearned income amounting to ₱19.2 million.*
***Including interest

	2020					
	Due and Demandable	Less than 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
Trade and other payables*	₱70,283,021	₱32,207,149	₱23,970,411	₱15,581,939	₱268,345,785	₱410,388,305
Loans payable***	–	1,158,219	1,142,603	1,107,466	272,195,061	275,603,349
Lease liabilities***	–	84,211	84,211	84,211	15,281,903	15,534,536
Other noncurrent liabilities**	–	–	–	–	12,855,000	12,855,000
	₱70,283,021	₱33,449,579	₱25,197,225	₱16,773,616	₱568,677,749	₱714,381,190

**Excluding statutory payables and unearned income amounting to ₱4.0 million and ₱0.5 million, respectively.*
***Excluding unearned income amounting to ₱18.8 million.*
***Including interest

Credit Risk

The Company's exposure to credit risk relates to the Company's cash and cash equivalents and trade and other receivables. As an entity engaged in providing hospital and health care services, the Company is exposed to an uncontrollable risk that these debtors, mainly patients, may fail to settle their obligations.

An impairment analysis on trade receivables is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due and historical default rates, which are then adjusted for forward looking estimates through the use of macroeconomic information.

The ECL were measured on a collective basis through disaggregation of trade receivables by type of debtors with similar default risks and loss patterns.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The following carrying amounts of financial assets at amortized cost recorded in the financial statements represents the Company's maximum exposure to credit risk.

	2021	2020
Cash in banks and cash equivalents	**₱95,813,069**	₱61,488,851
Trade and other receivables*	**270,268,760**	179,164,129
	₱366,081,829	₱240,652,980

**Excluding advances to officers and employees amounting to ₱11.2 million and ₱9.7 million as at December 31, 2021 and 2020, respectively.*

The Company has no significant concentration of credit risk. As a policy, the Company requires patients to make down payments depending on the severity of the medical procedure to be performed. Personal properties, of whatever kind, are also accepted by the Company as collaterals. The Company monitors the receivable balances on an on-going basis. For those receivables that are doubtful of collection, the Company provides adequate allowance for ECL.

The table below show the credit risk of the Company's financial assets as at December 31, 2021 and 2020. The amounts are presented by credit risk rating grades and represent the gross carrying amounts of the financial assets:

	2021					
			Past Due but Not Impaired			
	High Grade	**Standard Grade**	**31 - 60 Days**	**61 - 120 Days**	**Impaired**	**Total**
Simplified approach - Trade and other receivables*	**₱–**	**₱73,771,277**	**₱57,086,220**	**₱45,055,722**	**₱94,355,541**	**₱270,268,760**
12-month ECL: Cash in banks and cash equivalents	**95,813,069**	**–**	**–**	**–**	**–**	**95,813,069**
	₱95,813,069	**₱73,771,277**	**₱57,086,220**	**₱45,055,722**	**₱94,355,541**	**₱366,081,829**

**Excluding advances to officers and employees amounting to ₱11.2 million.*

	2020					
			Past Due but Not Impaired			
	High Grade	Standard Grade	31 - 60 Days	61 - 120 Days	Impaired	Total
Simplified approach - Trade and other receivables*	₱–	₱31,505,002	₱23,581,468	₱54,764,110	₱69,313,549	₱179,164,129
12-month ECL: Cash in banks and cash equivalents	61,488,851	–	–	–	–	61,488,851
	₱61,488,851	₱31,505,002	₱23,581,468	₱54,764,110	₱69,313,549	₱240,652,980

**Excluding advances to officers and employees amounting to ₱9.7 million.*

The Company's financial assets are categorized by credit risk rating grades based on the Company's collection experience with the counterparties as follows:

- High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- Standard Grade - other financial assets not belonging to high grade financial assets and are not past due are included in this category.
- Past Due - items with history of frequent default.

Capital Management Policy
The Company's capital management objective is to ensure that the Company maintains a strong credit rating and optional capital structure to reduce the cost of capital, to support its business and maximize stockholder value.

The Company considers its total equity as its capital.

The Company's dividend declaration is dependent on the availability of earnings and operating requirements. The Company manages its capital structure and makes adjustments whenever there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders or issue additional shares.

The Company is subject to externally imposed capital requirement in connection with the financial covenants of its loan agreements with creditor banks (see Note 10).

There were no changes in the Company's approach to capital management in 2021 and 2020.

23. Fair Value Measurement

The following is a comparison by category of carrying amounts and fair value of the Company's financial instruments as at December 31, 2021 and 2020:

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in banks and cash equivalents	**₱95,813,069**	**₱95,813,069**	₱61,488,851	₱61,488,851
Trade and other receivables*	**270,268,760**	**270,268,760**	179,164,129	179,164,129
	₱366,081,829	**₱366,081,829**	₱240,652,980	₱240,652,980
Financial Liabilities				
Trade and other payables**	**₱389,230,230**	**₱389,230,230**	₱410,388,305	₱410,388,305
Loans payable	**230,000,000**	**233,512,477**	230,000,000	262,062,762
Lease liabilities	**10,927,961**	**11,325,966**	11,431,522	12,516,185
Other noncurrent liabilities***	**10,521,667**	**10,521,667**	12,855,000	12,855,000
	₱640,679,858	**₱644,590,340**	₱664,674,827	₱697,822,252

**Excluding advances to officers and employees amounting to ₱11.2 million and ₱9.7 million as at December 31, 2021 and 2020, respectively.*
*** Excluding statutory payables and unearned income totaling ₱14.9 million and ₱4.0 million as at December 31, 2021 and 2020, respectively.*
**** Excluding unearned income amounting to ₱19.2 million and ₱18.8 million as at December 31, 2021 and 2020, respectively.*

Cash in banks and Cash Equivalents, Trade and Other Receivables and Trade and Other Payables. Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

Loans Payable and Lease liabilities. Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

Land

The Company's land carried at fair value amounted to ₱494.1 million as at December 31, 2021 and 2020. The significant unobservable inputs used in the fair value measurement are categorized within Level 3 of the fair value hierarchy (see Note 8).

No transfers in level of fair value hierarchy was made in 2021 and 2020.

24. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are computed as follows:

	2021	2020	2019
Net income (loss)	**₱157,172,715**	(₱24,274,310)	₱215,322,484
Weighted average number of outstanding common shares	**1,117,500**	1,117,500	1,123,833
Basic/diluted earnings (loss) per share	**₱141**	(₱22)	₱192

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Mary Mediatrix Medical Center, Inc.
J.P. Laurel Highway, Mataas na Lupa
Lipa City, Batangas

We have audited the accompanying financial statements of Mary Mediatrix Medical Center, Inc. (the Company) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated April 12, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 233 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until August 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2019
Valid until October 16, 2022
PTR No. 8851708
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Di rectors
Mary Mediatrix Medical Center, Inc.
J.P. Laurel Highway, Mataas na Lupa
Lipa City, Batangas

We have audited in accordance with Philippine Standards in Auditing, the financial statements of Mary Mediatrix Medical Center, Inc. (the Company) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report there on dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Company's management. These supplementary schedules include the following:

- Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2021
- Schedules Required under Revised SRC Rule 68 Part 4D and 4G as at December 31, 2021 and 2020

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

MARY MEDIATRIX MEDICAL CENTER, INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

Ratio	Formula	2021	2020
Current Ratio			
	Total current assets	**₱370,604,428**	₱297,982,500
	Divided by: Total current liabilities	**425,921,928**	614,896,148
	Current Ratio	**0.87:1**	0.48:1
Acid Test Ratio			
	Total current assets	**₱370,604,428**	₱297,982,500
	Less: Inventories	**65,336,570**	73,598,633
	Other current assets	**13,433,598**	13,105,719
	Quick assets	**291,834,260**	211,278,148
	Divide by: Total current liabilities	**425,921,928**	614,896,148
	Acid Test Ratio	**0.69:1**	0.34:1
Solvency Ratio			
	Net income (loss)	**₱157,172,715**	(₱24,274,310)
	Add: Depreciation and amortization	**145,917,827**	128,735,097
	Net income before depreciation and amortization	**303,090,542**	104,460,787
	Divided by: Total liabilities	**718,902,440**	749,414,846
	Solvency Ratio	**0.42:1**	0.14:1
Debt-to-Equity Ratio			
	Total liabilities	**₱718,902,440**	₱749,414,846
	Divided by: Total equity	**1,734,090,450**	1,646,055,675
	Debt-to-Equity Ratio	**0.41:1**	0.46:1
Asset-to-Equity Ratio			
	Total assets	**₱2,452,992,890**	₱2,395,470,521
	Divided by: Total equity	**1,734,090,450**	1,646,055,675
	Asset-to-Equity Ratio	**1.41:1**	1.46:1
Return on Equity			
	Net income (loss)	**₱157,172,715**	(₱24,274,310)
	Divided by: Total equity	**1,734,090,450**	1,646,055,675
	Return on Equity	**0.09:1**	-0.02:1
Return on Assets			
	Net income (loss)	**₱157,172,715**	(₱24,274,310)
	Divided by: Average total assets	**2,424,231,706**	2,368,928,892
	Return on Assets	**0.06:1**	-0.01:1
Net Profit Margin			
	Net income (loss)	**₱157,172,715**	(₱24,274,310)
	Divided by: Revenue	**1,495,394,209**	1,022,444,967
	Net Profit Margin	**0.11:1**	-0.02:1

MARY MEDIATRIX MEDICAL CENTER, INC.

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

Unappropriated retained earnings, beginning	₱133,850,486
Adjustments:	
Deferred tax assets	(65,983,127)
Treasury shares	(5,280,000)
Unappropriated retained earnings, as adjusted, beginning	62,587,359
Net Income	157,172,715
Deferred tax assets	11,990,487
Net income actually realized during the year	169,163,202
Unappropriated retained earnings, as adjusted, ending	231,750,561
Dividend declaration during the year	(86,125,725)
Unappropriated retained earnings available for dividend declaration, end of year	₱145,624,836

Reconciliation:

Unappropriated retained earnings as shown in the financial statements of the Company at end of year	₱204,897,476
Adjustments for:	
Treasury shares	(5,280,000)
Deferred tax assets	(53,992,640)
Unappropriated retained earnings available for dividend declaration, end of year	₱145,624,836

MARY MEDIATRIX MEDICAL CENTER, INC.

SEC Supplementary Schedule as Required by Part II of Revised SRC Rule 68

DECEMBER 31, 2021

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MARY MEDIATRIX MEDICAL CENTER, INC.

D. Long-term Debt

DECEMBER 31, 2021

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under caption "Loans payable" in related balance sheet*	*Amount shown under caption "Loans payable - net of current portion " in related balance sheet*
Unsecured loans	₱–	₱16,666.666	₱–
Secured lonas	₱–	₱–	₱193,888,890 (4.75% interest annually; equal quarterly amortization from October 2020 up to July 20, 2027 and a lump sum payment of ₱12.2 million on October 20, 2027)

MARY MEDIATRIX MEDICAL CENTER, INC.

G. Capital Stock

DECEMBER 31, 2021

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related statements of financial position caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Capital Stock - ₱100 par value	1,500,000	1,117,500	–	223,049	329,223	565,228

MARY MEDIATRIX MEDICAL CENTER, INC.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱151,053,952**	₱104,734,145
Trade and other receivables	5	**160,758,738**	187,100,115
Inventories	6	**63,606,279**	65,336,570
Other current assets	7	**13,555,276**	13,433,598
Total Current Assets		**388,974,245**	370,604,428
Noncurrent Assets			
Property and equipment			
At cost	8	**1,491,508,414**	1,515,725,946
At revalued amount	8	**494,132,000**	494,132,000
Right-of-use assets	21	**9,732,617**	9,936,797
Other noncurrent assets	7	**64,760,825**	62,593,719
Total Noncurrent Assets		**2,060,133,856**	2,082,388,462
		₱2,449,108,101	₱2,452,992,890
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	**₱347,055,830**	₱404,600,185
Current portion of lease liabilities	21	**930,701**	1,064,261
Current portion of loans payable	10	**16,666,666**	16,666,666
Income Tax Payable		**15,744,936**	3,590,816
Total Current Liabilities		**380,398,133**	425,921,928
Noncurrent Liabilities			
Lease liabilities - net of current portion	21	**9,863,700**	9,863,700
Loans payable - net of current portion	10	**188,333,334**	193,888,890
Net retirement benefits liability	11	**32,369,898**	32,369,898
Net deferred tax liabilities	20	**26,693,847**	27,095,003
Other noncurrent liabilities	12	**29,815,317**	29,763,021
Total Noncurrent Liabilities		**287,076,096**	292,980,512
Total Liabilities		**667,474,229**	718,902,440
Equity			
Capital stock	13	**111,950,000**	111,950,000
Additional paid-in capital		**902,487,967**	902,487,967
Retained earnings		**552,440,898**	504,897,476
Revaluation surplus on land	8	**211,078,204**	211,078,204
Cumulative net remeasurement gain on retirement benefits liability	11	**8,956,803**	8,956,803
Treasury stock		**(5,280,000)**	(5,280,000)
Total Equity		**1,781,633,872**	1,734,090,450
		₱2,449,108,101	₱2,452,992,890

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

		For the Period Ended March 31	
	Note	**2022**	2021
REVENUE	15	**₱352,485,175**	₱332,324,469
COST OF SALES AND SERVICES	16	**220,573,234**	228,300,364
GROSS PROFIT		**131,911,941**	104,024,105
GENERAL AND ADMINISTRATIVE EXPENSES	17	**68,612,609**	53,504,755
OPERATING PROFIT		**63,299,332**	50,519,350
INTEREST EXPENSE	10	**(2,435,143)**	(2,831,594)
OTHER INCOME	19	**2,520,883**	689,104
INCOME BEFORE INCOME TAX		**63,385,072**	48,376,860
PROVISION FOR (BENEFIT FROM) INCOME TAX	20		
Current		**16,242,806**	4,004,303
Deferred		**(401,156)**	16,699,548
		15,841,650	20,703,851
NET INCOME		**47,543,422**	27,673,009
OTHER COMPREHENSIVE INCOME			
Not to be reclassified subsequently to profit or loss net of deferred tax			
Impact of change in income tax rate on:			
Revaluation surplus on land	8	–	14,071,880
Cumulative remeasurement gain on net retirement benefits liability	11	–	431,493
		–	14,503,373
TOTAL COMPREHENSIVE INCOME		**₱47,543,422**	₱42,176,382

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

		For the Period ended March 31	
	Note	**2022**	2021
CAPITAL STOCK	13	**₱111,950,000**	₱111,950,000
ADDITIONAL PAID-IN CAPITAL	13		
Balance at beginning and end of year		**902,487,967**	902,487,967
RETAINED EARNINGS			
Unappropriated	13		
Balance at beginning of year		**204,897,476**	133,850,486
Net income		**47,543,422**	27,673,009
Balance at end of year		**252,440,898**	161,523,495
Appropriated	13		
Balance at beginning and end of year		**300,000,000**	300,000,000
		552,440,898	461,523,495
OTHER COMPONENTS OF EQUITY			
Revaluation Surplus on Land	8		
Balance at beginning of year		**211,078,204**	281,437,606
Revaluation surplus - net of deferred tax		**–**	(84,431,282)
Balance at end of year		**211,078,204**	197,006,324
Net Remeasurement Gains on Retirement Benefits Liability	11		
Balance at beginning of year		**8,956,803**	8,629,855
Net remeasurement loss - net of deferred tax		**–**	(2,157,464)
Balance at end of year		**8,956,803**	6,472,391
TREASURY STOCK	13		
Balance at beginning end of year		**(5,280,000)**	(5,280,000)
		₱1,781,633,872	₱1,688,232,057

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

UNAUDITED STATEMENTS OF CASH FLOWS

		For the Period Ended March 31	
	Note	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱63,385,072**	₱48,376,860
Adjustments for:			
Depreciation and amortization	8	**36,950,539**	26,864,853
Provision for expected credit losses	17	**5,734,683**	5,492,798
Interest expense	10	**2,435,143**	2,831,594
Interest income	4	**(24,626)**	(18,007)
Operating income before working capital changes		**108,480,811**	83,548,098
Decrease (increase) in:			
Trade and other receivables		**20,606,694**	(36,662,282)
Inventories		**1,730,291**	(6,651,465)
Other assets		**(2,288,784)**	17,187,304
Increase (decrease) in:			
Trade and other payables		**(27,508,948)**	(19,195,056)
Other noncurrent liabilities		**52,296**	(666,667)
Net cash generated from operations		**101,072,360**	37,559,932
Interest paid	10	**(2,305,890)**	(2,696,308)
Income tax paid		**(4,088,686)**	(2,643,043)
Contributions paid		**–**	(1,135,298)
Interest received		**24,626**	18,007
Net cash provided by operating activities		**94,702,410**	31,103,290
CASH FLOWS FROM AN INVESTING ACTIVITY			
Acquisition of property and equipment	8	**(12,528,827)**	(38,537,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for:			
Dividends		**(30,035,407)**	818,508
Loans payable	10	**(5,555,556)**	(4,166,667)
Lease liabilities	21	**(262,813)**	(255,158)
Net cash used in financing activities		**(35,853,776)**	(3,603,317)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**46,319,807**	(11,037,350)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**104,734,145**	76,049,191
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱151,053,952**	₱65,011,841

See accompanying Notes to Financial Statements.

MARY MEDIATRIX MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Mary Mediatrix Medical Center, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 18, 1977. The Company's primary purpose is to establish, operate, own and/or maintain a hospital or hospitals, medical and clinical laboratories and such other enterprises which may have similar or analogous undertaking or dedicated to services in connection therewith.

The Company presently operates Mary Mediatrix Medical Center (the Hospital), a level three referral tertiary hospital with 120 bed capacity in Lipa City, Batangas.

The Company's principal place of business is located at J.P. Laurel Highway, Mataas na Lupa, Lipa City, Batangas.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), and SEC provisions.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values represent absolute amounts except when otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting except for land in the "Property and equipment" account which is measured at revalued amount. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and consideration received in exchange for incurring a liability.

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 transaction date.

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

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

Level 1 − Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by 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 asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3, Significant Judgments, Accounting Estimates and Assumptions
- Note 8, Property and Equipment
- Note 23, Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

  - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective as at March 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

Financial Assets and Liabilities

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.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“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.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

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

Financial Assets at Amortized Cost. Financial assets shall be 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 asset 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 allowance for impairment, if any. 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. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. 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.

As at March 31, 2022 and December 31, 2021, the Company's cash and cash equivalents and trade and other receivables (excluding advances to officers and employees) are classified under this category.

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.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at March 31, 2022 and December 31, 2021, the Company's trade and other payables (excluding statutory payables and unearned income), loans payable, lease liabilities and other noncurrent liabilities (excluding unearned income) are classified under this category.

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. Meanwhile, 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 other comprehensive income (OCI).

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit loss (ECL). 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL 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 and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. 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. 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.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

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.

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.

Classification of Assets and Liabilities between Current and Noncurrent
The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate disclosure in the notes to financial statements.

Current Assets. The Company classifies an asset as current when:

a. it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
b. it holds the asset primarily for the purpose of trading;
c. it expects to realise the asset within twelve months after the reporting period; or
d. the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

a. it expects to settle the liability in its normal operating cycle;
b. it holds the liability primarily for the purpose of trading;
c. the liability is due to be settled within twelve months after the reporting period; or
d. it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Inventories
Inventories consist of medicines and medical supplies. These are measured at the lower of cost and net realizable value (NRV). Cost includes all cost of purchase which comprise of purchase price, import duties, taxes (other than those recoverable from taxing authorities), transport and handling and other costs directly attributable to the acquisition of inventories. Cost is determined using the moving average method. For medicines and medical supplies for sale, NRV is the estimated selling price less cost to sell. For supplies used in the operations, NRV is the current replacement cost. In determining the NRV, the Company considers any adjustment necessary for obsolescence.

Prepaid Income Tax
Prepaid tax is composed of current year excess tax credits and quarterly payments which are carried forward to the succeeding year. Prepaid income tax is stated at their estimated net recoverable amount.

Other Assets
Other assets consist of deferred input VAT, prepayments, input VAT, advances to suppliers and advances to contractors. Other assets that are expected to be realized for no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deferred input VAT represents the unamortized amount of input VAT on capital goods.

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 these are consumed in operations or expire with the passage of time.

Input VAT. Revenue, expenses and assets are recognized net of the amount of VAT, except for receivables and payables that are stated with the amount of VAT included. The net amount of input VAT recoverable from the tax authority is included as part of "Other current assets" account in the statements of financial position.

Advances to Suppliers and Contractors. Advances to suppliers are payments made to suppliers for purchase of medical equipment. These are charged to the property and equipment account when the goods for which the advances were made are received. Advances to contractors represent funds advanced by the Company to its contractors in relation to its project. These are capitalized in the statements of financial position, upon actual receipt of services or supplies. These are charged to the construction in progress account when the goods or services for which the advances were made are received. Advances to contractors are applied from the supplier's billings as specified in the provisions of the contract.

Interest in Joint Operation

The interest of the Company in a joint operation includes: (a) its share of the jointly controlled assets, classified according to the nature of the assets rather than as an investment; (b) any liabilities that it has incurred; (c) its share of any liabilities incurred jointly with other parties in relation to the joint operation; (d) its revenue from the sale of its share of the output arising from the joint operation, together with its share of any expenses incurred by the joint operation; and (e) any expenses that it has incurred in respect of its interest in the joint operation.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is stated at revalued amount less any impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where 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, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Subsequent to initial recognition, land is carried at revalued amount which represent fair values as determined by independent appraisers, less any accumulated impairment loss. Other property and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Any revaluation surplus is recognized in other comprehensive income and credited to the "Revaluation surplus on land" account in the statements of financial position. Any revaluation deficit directly offsetting a previous surplus is charged to OCI to the extent of any revaluation surplus in equity relating to the same asset and the remaining deficit, if any, is recognized in profit or loss. Upon disposal of the revalued assets, amount included in revaluation surplus is transferred to retained earnings. Revaluations are performed regularly to ensure that the carrying amount does not materially differ from that which would be determined using fair value at the end of reporting period.

Depreciation are computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Buildings and improvements	30 years
Medical equipment	5 to 8 years
Furniture and fixtures	5 years
Computer equipment	5 years

The estimated useful lives and depreciation are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

<u>Impairment of Nonfinancial Assets</u>
The nonfinancial assets 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 exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Unearned Income

Unearned income consists of amounts received by the Company from its doctors as advance payments for the rent of clinic spaces. Unearned income that are expected to be realized for no more than 12 months after the reporting date are classified under "Trade and other payables" account in the statement of financial position. Otherwise, these are classified under "Other noncurrent liabilities" in the statement of financial position. Unearned income is recognized as revenue in profit or loss on a straight-line basis over the lease term.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds. Unpaid subscriptions are recognized as a reduction of subscribed common shares.

Additional Paid-in Capital. Additional paid-in capital includes any premium received in excess of par in the issuances of capital stock and additional contributions of stockholders without any issuance of shares. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Stock Dividends Distributable. Stock dividends distributable represents dividends in a form of stocks which are already declared but has not yet distributed.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration. Appropriated retained earnings represent the portion which has been restricted and are not available for dividend declaration. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders.

Other Components of Equity. Other components of equity comprise of revaluation surplus on land and cumulative remeasurement gains on net retirement liability which were not recognized in profit or loss. These incomes, when earned for the year, are classified as OCI and presented after net income in the statements of comprehensive income.

Treasury Stock. Acquisition of treasury stock by the Company is recorded at cost and shown as a deduction in the equity section of the statement of financial position. Upon reissuance of treasury stocks, the "Treasury stock" account is credited at cost. The excess of proceeds from reissuance over the cost of treasury stock is credited to additional paid-in capital. The excess of cost of treasury stock over the proceeds from reissuance is debited to additional paid-in capital but only to the extent of previously set-up additional paid-in capital for the same class of shares of stock. Otherwise, the excess is debited directly against retained earnings.

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 perform 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. The Company has assessed that it acts as a principal in all of its revenue sources.

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

Hospital and Ancillary Services. Revenue from hospital and ancillary services is recognized when the services are rendered and provided to patients.

Sale of Medicines and Medical Supplies. Revenue is recognized when medicines and medical supplies are delivered to outpatients.

Room and Board. Revenue from room and board is recognized based on actual room occupancy.

Discounts. Discounts pertain to patient discounts and package deal discounts. These also include senior citizen discount which is computed as 20% of the medically necessary care levels for the diagnosis and/or treatment of an illness or injury for senior citizen patients. Discounts are recognized as a reduction of the related revenues upon delivery of goods or rendering of services.

The following specific recognition criteria must also be met before other revenue items are recognized.

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

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

Other Income. Other income is recognized as revenue when earned.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Sales and Services. Cost of sales and services are recognized as expense when the related goods are sold or services are rendered.

General and Administrative. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market the goods and services. These are expensed when incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Leases
A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and

- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.
The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as Lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Company as Lessee

At the commencement date, the Company recognizes right-of-use (ROU) assets and a lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures the ROU assets at cost. The cost comprises:

- The amount of the initial measurement of lease liability;

- Any lease payments made at or before the commencement date less any lease incentives received;

- Any initial direct costs incurred by the Company; and

- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized under the same basis with property and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.
Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a funded, tax-qualified, non-contributory post-employment benefit plan covering all regular full-time employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and nonroutine settlements, and net interest expense in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability is the change during the period in the net retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability. Net interest is calculated by applying the discount rate to the net retirement liability.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the retirement liability on which the obligations are reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date 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. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it 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 nor taxable profit nor loss.

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

Deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in other comprehensive income.

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

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period attributable to equity holders of the Company by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted earnings (loss) per share is computed in the same manner, adjusted for the effects of convertible securities. The Company has no dilutive instruments.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm’s-length prices or on terms similar to those offered to nonrelated parties in an economically comparable market.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation when material. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at the end of each financial reporting year and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements, but are disclosed in the notes to financial statements unless the possibility an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Financial Reporting Date

Events after the financial reporting date that provide additional information about the Company's financial position as at the financial reporting date (adjusting events) are reflected in the financial statements. Events after the financial reporting date 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 Company's financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Judgments

Determination of Functional Currency. Based on management's assessment, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

a. Quantitative Criteria - the borrower is more than 90 days past due on its contractual payments, which is consistent with the Company's definition of default.

b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    - The borrower is experiencing financial difficulty or is insolvent;
    - The borrower is in breach of financial covenants;
    - Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
    - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Grouping of Instruments for ECL measured on a Collective Basis. For ECL provisions that are assessed on a collective basis, grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. For trade receivables, ECL is measured collectively based on type of debtor, such as self-pay, Philippine Health Insurance Corporation (Philhealth), and Health Maintenance Organizations (HMO), among others.

Determination of Lease Commitments - Company as a Lessee. The Company has various non-cancellable lease agreements for its medical equipment for a period of three (3) to ten (10) years. The Company has assessed that these are low value, remaining terms are short-term and the considerations are variable. Accordingly, an ROU asset has not been recognized. The Company has also entered into non-cancellable lease agreements of parking space, land, building and equipment for a period of two (2) to 15 years. Accordingly, ROU assets and lease liabilities have been recognized.

Rent expense amounted to ₱3.8 million and ₱1.8 million for the period ended March 31, 2022 and 2021, respectively (see Note 21).

ROU assets amounted to ₱9.7 million and ₱9.9 million as at March 31, 2022 and December 31, 2021, respectively. Lease liabilities amounted to ₱10.8 million and ₱10.9 million, as at March 31, 2022 and December 31, 2021, respectively (see Note 21).

Classification of Joint Arrangement. The Company has entered into joint arrangements for the purpose of operating various hospital and medical equipment. The Company has determined that it has joint control over the arrangement and has rights to the assets, and obligations for the liabilities, relating to the agreement. Accordingly, the agreement was accounted for as a joint arrangement.

Estimates and Assumption

Estimation of the Allowance for ECL on Trade Receivables. The Company uses a provision matrix based on historical default rates for trade receivables. The provision matrix specify provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any difference between estimates and actual experience.

Provision for ECL amounted to ₱5.7 million and ₱5.5 million for the period ended March 31, 2022 and 2021, respectively (see Note 17). The Company's trade and other receivables (excluding advances to officers and employees), net of ECL amounted to ₱149.6 million and ₱175.9 million as at March 31, 2022 and December 31, 2021, respectively (see Note 5).

Assessment of the Impairment of Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL 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 are 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 are provided based on lifetime expected credit loss.

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

- actual or expected significant adverse changes in the operating results of the borrower.

The Company's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12 months expected credit losses. The Company has assessed that the ECL for 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 counterparties with good credit standing and relatively low risk of defaults. Accordingly, no impairment loss was recognized in 2022 and 2021.

The Company's cash and cash equivalents amounted to ₱151.1 million and ₱104.7 million as at March 31, 2022 and December 31, 2021, respectively (see Note 4).

Determination of the NRV of Inventories. In determining the NRV of inventories, the Company considers any adjustments for obsolescence which are due to damage, physical deterioration, changes in price levels or other causes. Management reviews on a regular basis the NRV of medicines and supplies inventories.

No allowance for inventory obsolescence was provided in 2022 and 2021. Inventories carried at lower of cost and NRV amounted to ₱63.6 million and ₱65.3 million as at March 31, 2022 and December 31, 2021, respectively (see Note 6).

Determination of the Revaluation Value of Land. The land is carried at revalued amount, which approximates its fair value at the date of the revaluation less any accumulated impairment losses. The valuation of land is performed by qualified independent appraisers. The fair value was arrived at using the market data approach based on the gathered available market evidences. Revaluations are made on a regular basis to ensure that the fair value does not differ materially from its carrying amounts.

Land carried at revalued amount amounted to ₱494.1 million as at March 31, 2022 and December 31, 2021 (see Note 8).

Estimation of the Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation for any period would be affected by changes in these factors and circumstances.

No change was made on the estimated useful lives of property and equipment in 2022 and 2021.

Property and equipment - at cost, net of accumulated depreciation amounted to ₱1,491.5 million and ₱1,515.7 million and as at March 31, 2022 and December 31, 2021, respectively (see Note 8).

Estimation of the ROU Assets and Lease Liabilities. The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Period covered by an option to extend a lease if the Company is reasonably certain to exercise the option, or periods covered by an option to terminate a lease if the Company is reasonably certain not to exercise that option, are included in the lease term. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

The Company uses its incremental borrowing rate as basis for the discount rate which is the rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Company uses its general borrowing rate adjusted for the lease term, security of an item with the underlying nature of the leased asset and expectations of residual value, among others.

ROU assets amounted to ₱9.7 million and ₱9.9 million as at March 31, 2022 and December 31, 2021, respectively. Lease liabilities amounted to ₱10.8 million and ₱10.9 million, as at March 31, 2022 and December 31, 2021, respectively (see Note 21).

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on its 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 the following:

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

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

No impairment loss on nonfinancial assets was recognized by the Company in 2021 and 2020. The carrying amount of nonfinancial assets are as follows:

	Note	**March 31, 2022**	December 31, 2021
Advances to officers and employees	5	**₱11,124,536**	₱11,186,896
Property and equipment - at cost	8	**1,491,508,414**	1,515,725,946
ROU assets	21	**9,732,617**	9,936,797
Other assets	7	**78,316,101**	76,027,317

Determination of the Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 11 to the financial statements and include, among others, discount rates and salary increase rates.

The net retirement benefits liability amounted to ₱32.4 as at March 31, 2022 and December 31, 2021. The cumulative remeasurement gains on net retirement benefit liability, net of deferred tax, recognized in equity amounted to ₱9.0 million as at March 31, 2022 and December 31, 2021, (see Note 11).

Recognition of the Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed 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. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company's deferred tax assets amounted to ₱46.2 million and ₱45.9 million as at March 31, 2022 and December 31, 2021, respectively (see Note 20).

4. Cash and Cash Equivalents

This account consists of:

	March 31, 2022	December 31, 2021
Cash on hand	**₱9,441,925**	₱8,921,076
Cash in banks	**137,113,977**	91,315,019
Cash equivalents	**4,498,050**	4,498,050
	₱151,053,952	₱104,734,145

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term investments in money market placements with maturities ranging from 30 to 90 days.

Interest income earned from cash in banks and cash equivalents amounted to ₱24,626 and ₱18,007 for the period ended March 31, 2022 and 2021, respectively (see Note 19).

5. Trade and Other Receivables

This account consists of:

	March 31, 2022	December 31, 2021
Trade	**₱248,724,426**	₱269,268,760
Advances to officers and employees	**11,124,536**	11,186,896
Others	**1,000,000**	1,000,000
	260,848,962	281,455,656
Less allowance for ECL	**100,090,224**	94,355,541
	₱160,758,738	₱187,100,115

Trade receivables are receivables from patients and guarantors such as PhilHealth and HMO. Receivables from patients are due upon discharge or on agreed payment date while receivable from guarantors are generally on a 30 to 90 days credit term. These are noninterest-bearing.

Advances to officers and employees are cash advances used for certain operating expenses not covered by the disbursement of petty cash fund. These are subject to liquidation within one (1) to three (3) months.

Others pertain to investments that have already matured and are not yet collected. These are usually settled within one year.

Movements in the allowance for ECL are as follows:

	Note	**March 31, 2022**	December 31, 2021
Balance at beginning of year		**₱94,355,541**	₱69,313,549
Provision for ECL	17	**5,734,683**	28,242,592
Write-off		**–**	(3,200,600)
Balance at end of year		**₱100,090,224**	₱94,355,541

6. **Inventories**

This account consists of:

	March 31, 2022	December 31, 2021
Medicines	**₱45,913,944**	₱47,056,353
Medical supplies	**17,692,335**	18,280,217
	₱63,606,279	₱65,336,570

As at March 31, 2022 and December 31, 2021, the costs of these inventories are lower than its NRV.

The cost of inventories charged to cost of sales amounted to ₱9.4 million and ₱19.4 million for the period ended March 31, 2022 and 2021, respectively (see Note 16).

7. Other Assets

This account consists of:

	March 31, 2022	December 31, 2021
Current:		
Current portion of deferred input VAT	**₱13,077,697**	₱12,875,663
Prepaid insurance	**477,579**	557,935
	13,555,276	13,433,598
Noncurrent:		
Advances to suppliers and contractors	**46,346,170**	41,877,433
Deferred input VAT - net of current portion	**18,414,655**	20,716,286
	64,760,825	62,593,719
	₱78,316,101	₱76,027,317

Advances to contractors represent funds advanced by the Company to its contractors in relation to construction in progress. Advances to suppliers pertain mainly to advance payments made to suppliers for purchase of medical equipment and are generally applied within 12 months or within the normal operating cycle.

8. Property and Equipment

This account is classified as property and equipment carried at:

	March 31, 2022	December 31, 2021
Cost	**₱1,491,508,414**	₱1,515,725,946
Revalued amount	**494,132,000**	494,132,000
	₱1,985,640,414	₱2,009,857,946

The balances and movements of this account are as follows:

	March 31, 2022						
	At Revalued Amount	At Cost					
	Land	Buildings and Improvements	Medical Equipment	Furniture and Fixtures	Computer Equipment	Construction in progress	Total
Cost							
Balances at beginning of year	₱494,132,000	₱1,265,708,920	₱852,716,807	₱243,637,037	₱27,545,952	₱54,265,021	₱2,938,005,737
Additions	–	367,000	6,429,042	3,430,452	1,612,623	689,710	12,528,827
Reclassifications	–	–	–	–	–	–	–
Balance at end of year	494,132,000	1,266,075,920	859,145,849	247,067,489	29,158,575	54,954,731	2,950,534,564
Accumulated Depreciation							
Balances at beginning of year	–	335,271,881	434,679,285	135,515,598	22,681,027	-	928,147,791
Depreciation	–	9,278,865	20,074,221	6,939,426	453,847	–	36,746,359
Balance at end of year	–	344,550,746	454,753,506	142,455,024	23,134,874	–	964,894,150
Carrying Amount	₱494,132,000	₱921,525,174	₱404,392,343	₱104,612,465	₱6,023,701	₱54,954,731	₱1,985,640,414

	December 31, 2021						
	At Revalued Amount	At Cost					
	Land	Buildings and Improvements	Medical Equipment	Furniture and Fixtures	Computer Equipment	Construction in progress	Total
Cost							
Balances at beginning of year	₱494,132,000	₱957,956,817	₱818,926,771	₱232,852,863	₱26,527,236	₱289,969,042	₱2,820,364,729
Additions	–	36,042,103	33,790,036	10,784,174	1,018,716	36,005,979	117,641,008
Reclassifications	–	271,710,000	–	–	–	(271,710,000)	–
Balance at end of year	494,132,000	1,265,708,920	852,716,807	243,637,037	27,545,952	54,265,021	2,938,005,737
Accumulated Depreciation							
Balances at beginning of year	-	292,203,234	364,384,238	105,787,483	20,671,732	-	783,046,687
Depreciation	-	43,068,647	70,295,047	29,728,115	2,009,295	-	145,101,104
Balance at end of year	-	335,271,881	434,679,285	135,515,598	22,681,027	-	928,147,791
Carrying Amount	₱494,132,000	₱930,437,039	₱418,037,522	₱108,121,439	₱4,864,925	₱54,265,021	₱2,009,857,946

Details of land carried at revalued amount and its related cost follows:

	March 31, 2022	December 31, 2021
Cost	**₱212,694,394**	₱212,694,394
Revaluation surplus	**281,437,606**	281,437,606
Revalued amount	**₱494,132,000**	₱494,132,000

Revaluation surplus recognized in equity as at March 31, 2022 and December 31, 2021 are as follows:

	Note	**March 31, 2022**	December 31, 2021
Revaluation surplus		**₱211,078,204**	₱281,437,606
Deferred tax		**–**	(84,431,282)
Effect of change in tax rates	20	**–**	14,071,880
		₱211,078,204	₱211,078,204

Fair Value Measurement

The valuation technique used in measuring the fair value of the land classified under Level 3 of the fair value hierarchy is the direct sales comparison approach. Significant unobservable inputs include price per square meter and value adjustments.

Under the direct sales comparison approach, fair value is estimated based on sales and listings of comparable property registered within the vicinity. The comparison was adjusted on the factors of location, shape, desirability, utility, size and time element, among others.

The latest appraisal report was made March 4, 2019.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate (per sq.m.) and rent escalation rate p.a. in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate in isolation would result in a significantly lower (higher) fair value measurement. The inputs to fair valuation are as follows:

- *Price per sq.m.* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to the comparative values in approximation to the investment property taking into account the location, size and features among others.

The Company's portion of land with total area of 8,836 square meters is held as a real estate mortgage for the loan obtained from a local bank on October 19, 2020 (see Note 10).

The Company's construction in progress includes the construction of the parking building and cancer center which was completed in March 2021. Accordingly, the amount incurred for the construction of parking building and cancer center was reclassified to building and improvement accounts. The remaining construction in progress as at March 31, 2022 pertain to improvements being made to the hospital facilities including isolation facility, among others.

Depreciation and amortization consist of:

		For the period ended March 31	
	Note	**2022**	2021
Property and equipment		**₱36,746,359**	₱32,798,516
ROU assets	21	**204,180**	204,181
		₱36,950,539	₱33,002,697

Depreciation and amortization is charged to operations as follows:

		For the period ended March 31	
	Note	**2022**	2021
Cost of sales and services	16	**₱33,641,817**	₱29,462,085
General and administrative expenses	17	**3,308,722**	3,540,612
		₱36,950,539	₱33,002,697

9. Trade and Other Payables

This account consists of:

	Note	**March 31, 2022**	December 31, 2021
Trade		**₱168,171,119**	₱194,421,940
Dividends	14	**71,423,916**	101,459,323
Professional fees		**38,112,857**	24,693,738
Accrued expenses		**26,335,917**	27,040,687
Provident fund contribution		**24,612,619**	24,320,384
Statutory payables		**6,682,201**	14,413,579
Current portion of payable to suppliers		**6,188,971**	6,188,971
Retention payable		**1,270,620**	1,270,620
Current portion of unearned income	21	**549,839**	549,839
Others		**3,707,771**	10,241,104
		₱347,055,830	₱404,600,185

Trade payables are noninterest-bearing and are usually settled within 30 to 60 days.

Professional fees pertains to the service fee of doctors received by the Company on behalf of the doctors which is normally settled within one (1) year.

Accrued expenses pertain to accruals for rent, personnel costs and outside services. These are usually settled within one year.

Provident fund contribution payable includes employee benefits usually for regular employees working for more than five (5) years which can be withdrawn anytime or upon resignation.

Statutory payables pertain to various taxes payable to government agencies which are normally settled in the subsequent month.

Payable to suppliers pertain to the Company's liability relating to the construction in progress and purchase of medical equipment payable in accordance with the contract terms.

Retention payable pertains to amounts retained from contractors' payable at the completion of the construction.

10. Loans Payable

Loans payable is broken down as follows:

	March 31, 2022	December 31, 2021
Current portion of loan payable	**₱16,666,666**	₱16,666,666
Noncurrent portion of loan payable	**188,333,334**	193,888,890
Balance at end of year	**₱205,000,000**	₱210,555,556

In December 2019, the Company was granted by a local bank a term loan facility for ₱200.0 million to partially finance the construction of the parking building and cancer center and acquisitions of medical equipment. The term loan is for seven (7) years, payable in quarterly installments beginning from the second year of drawdown. The loan bears an annual interest of 4.75% and is subject to compliance with certain financial ratio requirements. Outstanding balance on this loan facility amounted to ₱175.0 million and ₱200.0 million as at March 30, 2022 and December 31, 2021, respectively.

On October 19, 2020, the Company was granted by another local bank a term loan facility for ₱220.0 million to partially finance the construction of the Cancer Center. Drawdown from the facility amounting to ₱30.0 million was made on October 20, 2020. This loan is to be paid through equal quarterly amortization of ₱0.9 million from October 20, 2022 up to July 20, 2027 and a lump sum payment of ₱12.2 million on October 20, 2027. The loan bears interest at 4.75% annually and is secured by a real estate mortgage on a lot with a total area of 8,836 square meters (see Note 8). Outstanding balance on this loan facility amounted to ₱30.0 million as at March 30, 2022 and December 31, 2021.

The expected loan repayments over the remaining term of the loan are as follows:

	March 31, 2022	December 31, 2021
Not later than one (1) year	**₱16,666,666**	₱16,666,666
Later than one (1) year but not more than five (5) years	**188,333,334**	193,888,890
	₱205,000,000	₱210,555,556

Interest expense charged in the statements of comprehensive income as follows:

		For the period ended March 31	
	Note	**2022**	2021
Loans payable		**₱2,305,890**	₱2,696,308
Lease liabilities	21	**129,253**	135,286
		₱2,435,143	₱2,831,594

11. **Retirement Benefits**

The Company has a funded, non-contributory defined benefit retirement plan covering all its regular full-time employees. The normal retirement age of the employee-member shall be the first day of the month coincident with his attainment of age 60 with at least five years of credited service. Early retirement age may be availed of with the consent of the Company provided that the employee has completed at least five years of credited service.

The latest actuarial valuation report using the projected unit credit method was for the year ended December 31, 2021.The retirement benefits cost recognized in profit or loss amounted to nil for the period ended March 31, 2022 and 2021.

The changes in the present value of the retirement benefits liability are as follows:

	March 31, 2022	December 31, 2021
Balance at beginning of year	**₱52,845,726**	₱49,634,432
Current service cost	**–**	6,090,543
Interest cost	**–**	1,960,560
Remeasurement loss (gain):		
Experience	**–**	(3,075,927)
Changes in financial assumption	**–**	(1,030,259)
Changes in demographic assumption		(7,212)
Benefits paid	**–**	(726,411)
Balance at end of year	**₱52,845,726**	₱52,845,726

The changes in the fair value of plan assets are as follows:

	March 31, 2021	December 31, 2021
Balance at beginning of year	**₱20,475,828**	₱16,725,883
Contribution	**–**	4,541,191
Interest income	**–**	736,014
Benefits paid from plan assets	**–**	(726,411)
Remeasurement losses	**–**	(800,849)
Balance at end of year	**₱20,475,828**	₱20,475,828

The plan is being administered by a trustee-bank which is authorized to invest the fund as it deems proper. The fair value of plan assets approximates their carrying value as at March 31, 2022 and December 31, 2021. There are no risks that to which the plan assets exposes the Company.

The net retirement benefits liability recognized in the statements of financial position is as follows:

	March 31, 2022	December 31, 2021
Present value of retirement benefits liability	**₱52,845,726**	₱52,845,726
Fair value of plan assets	**(20,475,828)**	(20,475,828)
	₱32,369,898	₱32,369,898

The plan assets as at December 31, 2021 consists of:

Cash and cash equivalents	2.05%
Government bonds	35.28%
Other bonds	19.81%
Unit investment trust funds	41.62%
Others	1.24%
	100%

The cumulative net remeasurement gains on retirement benefits liability recognized in OCI follows:

	March 31, 2022		
	Cumulative Remeasurement Gain	**Deferred Tax (Note 20)**	**Net**
Balance at beginning of year	**₱11,942,404**	**(₱2,985,601)**	**₱8,956,803**
Remeasurement gain	–	–	–
Balance at end of year	**₱11,942,404**	**(₱2,985,601)**	**₱8,956,803**

	December 31, 2021		
	Cumulative Remeasurement Gain	Deferred Tax (Note 20)	Net
Balance at beginning of year	₱8,629,855	(₱2,588,957)	₱6,040,898
Remeasurement loss	3,312,549	(828,137)	2,484,412
Change in tax rates		431,493	431,493
Balance at end of year	₱11,942,404	(₱2,985,601)	₱8,956,803

The principal assumptions used to determine the retirement benefit liability as at December 31, 2021 are as follows:

Discount rate	5.08%
Future salary increases	5.00%
Average expected future service years	25.8

The sensitivity analysis of defined benefit obligation for principal assumptions used as at December 31, 2021 follows:

Principal assumptions	Effect to Present Value of Defined Benefit Obligation
Discount rate:	
Increase by 1%	(₱7,036,235)
Decrease by 1%	8,649,354
Salary rate:	
Increase by 1%	8,566,290
Decrease by 1%	(7,129,547)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The maturity analysis of the undiscounted benefit payments as at December 31, 2021 follows:

One (1) year or less	₱329,072
More than one (1) year to five (5) years	9,315,404
More than five (5) years to ten (10) years	19,477,617

The average duration of the expected benefit payments at the end of the reporting period is 14.9 years as at December 31, 2021.

12. **Other Noncurrent Liabilities**

This account consists of:

	Note	**March 31, 2022**	December 31, 2021
Unearned income - net of current portion	21	**₱19,293,650**	₱19,241,354
Employee benefits premium - net of current portion		**9,666,667**	9,666,667
Others		**855,000**	855,000
		₱29,815,317	₱29,763,021

Unearned income pertains to advance rent from medical consultants for occupying the Medical Arts building with terms of 50 years.

Employee benefits premium includes benefits for key management personnel working for more than five years payable upon resignation.

13. Equity

The Company has 243 and 241 stockholders as at March 31, 2022 and December 31, 2021, respectively.

Retained Earnings

Appropriation

In December 2020 and 2019, the Company's BOD approved the additional appropriation of retained earnings amounting to ₱110.0 million of each year to complete the construction of the parking building and the cancer center and for the loan repayments (see Note 8 and Note 10). The appropriations will be released upon full payment of the loans payable.

Dividend Declarations

Cash Dividends

Cash dividends declared are summarized below.

Declaration Date	Stockholders on Record Date	Dividend Per Share	Amount
December 2, 2021	December 31, 2019	₱77.07	₱86,125,725
November 25, 2019	December 31, 2018	110.10	61,708,381
December 31, 2018	December 31, 2017	125.90	70,127,380

14. Related Party Transactions

In the normal course of business, the Company has transaction with its related parties as follows:

Related Party	Nature of Transactions	Transactions during the Year 2022	Transactions during the Year 2021	Balance at End of Year March 31, 2022	Balance at End of Year December 31, 2021	Terms and Conditions
Trade Payables						
Entity under common control	Purchase of goods and services	**₱–**	₱1,232,350	**₱–**	₱2,546,443	Unsecured, noninterest-bearing, payable on demand and to be settled in cash
Dividends Payable						
Stockholders	Declarations of dividends	**₱–**	₱86,125,725	**₱71,423,916**	₱101,459,323	Unsecured, noninterest-bearing, payable on demand and to be settled in cash

Compensation of Key Management Personnel

The compensation paid to key management personnel are as follows:

	March 31, 2022	December 31, 2021
Short-term employee benefits	**₱4,802,251**	₱21,219,177
Long-term and post-employment benefits	**1,000,000**	4,000,000
	₱5,802,251	₱25,219,177

15. **Revenue**

The details of revenue disaggregated per revenue streams are as follows:

	For the period ended March 31	
	2022	2021
Hospital and ancillary services	**₱322,077,936**	₱287,234,655
Sale of medicines and medical supplies	**14,762,473**	29,812,744
Room and board	**15,644,765**	15,277,070
	₱352,485,174	₱332,324,469

16. **Cost of Sales and Services**

This account consists of costs for:

	For the period ended March 31	
	2022	2021
Hospital and ancillary services	**₱204,867,261**	₱204,007,859
Sale of medicines and medical supplies	**9,390,110**	19,392,124
Room and board	**6,315,863**	4,900,381
	₱220,573,234	₱228,300,364

Cost of medicines and medical supplies comprise of:

	For the period ended March 31	
	2022	2021
Balance at beginning of year	**₱65,336,570**	₱97,417,958
Purchases	**7,659,819**	2,224,264
Total available inventories	**72,996,389**	99,642,222
Balance at end of year	**(63,606,279)**	(80,250,098)
	₱9,390,110	₱19,392,124

Details of the cost of sales and services by nature are presented as follows:

		For the period ended March 31	
	Note	**2022**	2021
Cost of ancillary services		**₱106,521,588**	₱121,437,545
Personnel costs	18	**42,520,144**	36,199,016
Depreciation	8	**33,641,817**	29,462,085
Outside services		**15,649,917**	11,079,999
Cost of medicines and medical supplies	6	**9,390,110**	19,392,124
Utilities		**6,688,125**	7,232,976
Professional fees		**3,358,874**	2,682,432
Rent	21	**2,802,659**	814,187
		₱220,573,234	₱228,300,364

17. General and Administrative Expenses

This account consists of:

	Note	For the period ended March 31	
		2022	2021
Personnel costs	18	**₱27,373,154**	₱18,144,299
Taxes and licenses		**9,612,344**	7,399,542
Office supplies		**7,153,291**	5,113,065
Provision for ECL	5	**5,734,683**	5,492,798
Outside services		**5,076,286**	5,160,119
Depreciation	8	**3,308,722**	3,540,612
Transportation		**2,220,058**	1,860,654
Communications		**1,750,400**	1,634,825
Professional fees		**1,787,715**	1,450,160
Rent	21	**1,016,999**	989,256
Repairs and maintenance		**590,885**	991,954
Insurance		**844,370**	1,031,125
Representation		**468,505**	376,000
Advertisement		**311,001**	275,382
Others		**1,364,196**	44,964
		₱68,612,609	₱53,504,755

Others pertain to expenses on events and recreation, membership and subscription dues and donations.

18. Personnel Costs

This account consists of:

	For the period ended March 31	
	2022	2021
Short-term employee benefits	**₱69,893,298**	₱54,343,315
Retirement benefits	**–**	–
	₱69,893,298	₱54,343,315

Personnel costs charged to operations follows:

	Note	For the period ended March 31	
		2022	2021
Cost of sales and services	16	**₱42,520,144**	₱36,199,016
General and administrative expenses	17	**27,373,154**	18,144,299
		₱69,893,298	₱54,343,315

19. Other Income

This account consists of:

	Note	For the period ended March 31 2022	2021
Interest income	4	**₱24,626**	**₱18,007**
Others		**2,496,257**	**671,097**
		₱2,520,883	**₱689,104**

Others pertain to income from sponsorships, trainings and sale of scrap materials.

20. Income Taxes

The components of income tax expense are as follows:

	For the period ended March 31 2022	2021
Reported in Profit or Loss		
Regular corporate income tax	**₱16,242,806**	₱4,004,303
Deferred tax expense (benefit)	**(401,156)**	16,699,548
	₱15,841,650	₱20,703,851

	Note	For the period ended March 31 2022	2021
Reported in Other Comprehensive Income			
Effect of change in tax rates on:			
Revaluation surplus	8	**₱–**	(₱14,071,880)
Remeasurement gain on net retirement liability	11	**–**	(431,493)
		₱–	(₱14,503,373)

The components of the Company's net deferred tax liabilities in the statements of financial position consist of:

	March 31, 2022	December 31, 2021
Deferred Tax Assets		
Allowance for ECL	**25,022,556**	₱23,588,885
Net retirement benefits liability	**8,092,475**	8,092,475
Unearned income	**4,960,872**	4,947,798
Unamortized contribution to past service liability	**3,026,934**	3,026,934
Lease liabilities	**2,698,600**	2,731,990
Employee benefits premium	**2,416,667**	3,500,000
	46,218,104	45,888,082
Deferred Tax Liabilities		
Revaluation surplus	**70,359,402**	70,359,402
ROU assets	**2,433,154**	2,484,199
Prepaid insurance	**119,395**	139,484
	72,911,951	72,983,085
Net Deferred Tax Liabilities	**₱26,693,847**	₱27,095,003

The Company's incurred excess MCIT over RCIT in 2020 amounting to ₱6.3 million which was utilized in 2021. Moreover, NOLCO incurred in 2020 amounting to ₱10.4 million was applied in 2021.

The reconciliation of the provision for income tax computed at the statutory tax rate to the provision for income tax shown in the statements of comprehensive income follows:

	For the period ended March 31	
	2021	2020
Income tax at statutory tax rate	**₱15,846,268**	₱12,094,215
Adjustments for:		
Interest income subjected to final tax	**(6,157)**	(4,502)
Nondeductible expenses	**1,539**	1,876
Effect of changes in tax rates	–	8,612,262
	₱15,841,650	₱20,703,851

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) was approved and signed into law by the country's President. Under the CREATE, RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020.

The subsequent approval of CREATE, however, is considered as a non-adjusting event for financial reporting purposes. Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The income tax rates used for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively. The effect of changes in income tax rates in 2020 was reflected in 2021.

21. **Commitments**

Company as a Lessor

Lease of Clinic Space

The Company, as a lessor, has existing contracts with various practicing doctors. The contract shall be effective for 50 years which shall commence upon full payment of contract price.

Unearned income as at March 31, 2022 and December 31, 2021 is broken down as follows:

	Note	**March 31, 2022**	December 31, 2021
Current portion of unearned income	9	**₱549,839**	₱549,839
Noncurrent portion of unearned income	12	**19,293,650**	19,241,354
		₱19,843,489	₱19,791,193

Company as a Lessee

Lease of Hospital and Clinic Equipment

In 2015, the Company entered into various lease contracts with terms between three (3) to five (5) years, renewable upon mutual agreement of parties and are subject to escalation rate depending on the agreed terms. Rentals for hospital and clinic equipment are on a per usage basis.

Lease of St. James Hospital's Assets

In April 2019, the Company entered into an agreement with St. James Hospital for the lease of assets of the latter. The leased assets consist of land, building where the primary hospital is situated and all existing machines, equipment, facilities, furniture and fixtures in the primary hospital that will be needed for operations. The lease shall be for a period of 15 years subject to renewal by mutual agreement with an option to buy at any time. The monthly rental fee is subject to three (3) percent (3%) escalation every two years.

The balances and movements in ROU assets follow:

	Note	**March 31, 2022**	December 31, 2021
Cost			
Balance at beginning and end year		**₱17,042,893**	₱17,042,893
Accumulated Amortization			
Balance at beginning of year		**(7,106,096)**	(6,289,373)
Amortization	8	**(204,180)**	(816,723)
Balance at end of year		**(7,310,276)**	(7,106,096)
Carrying Amount		**₱9,732,617**	₱9,936,797

The balance and movements in lease liabilities follow:

	Note	**March 31, 2022**	December 31, 2021
Balance at beginning of year		**₱10,927,961**	₱11,431,522
Rental payments		**(262,813)**	(1,035,789)
Interest expense	10	**129,253**	532,228
Balance at end of year		**10,794,401**	10,927,961
Current portion of lease liabilities		**930,701**	1,064,261
Noncurrent portion of lease liabilities		**₱9,863,700**	₱9,863,700

Future minimum lease payments (MLP) and maturity analysis of lease liabilities as at March 31, 2022 are as follows:

	March 31, 2022
Within one (1) year	₱1,066,863
Between one (1) and five (5) years	4,597,258
More than five (5) years	8,872,184
	₱14,536,305

Joint Arrangements for Medical Equipment

In February 2011, the Company and HB Calleja National Heart Institute (HBHNI) entered into a Memorandum of Agreement (MOA) whereby the parties agreed to jointly undertake the management and operation of the cardiovascular equipment and facility. The cardiovascular equipment is to equip a catheterization laboratory, a cardiovascular operating room suite, and a coronary care unit for the Company's heart institute. Under the MOA, HBHNI will provide a complete package of cardiovascular equipment and the management and operation of the cardiovascular equipment. The contract was renewed in October 2019 for another period of five (5) years.

Joint Arrangements for Medical Equipment

In January 2019, the Company and Lipa Dent Digital Xray, Inc. entered into a joint operation including the acquisition, operation and maintenance of Cone Beam Computed Tomography Machine to be stationed within the premises of the Company. The agreement shall be for a period of five (5) years.

The Company applies the short-term leases and low-value assets recognition exemption for the lease of hospital and clinic equipment and medical equipment.

Rent expense charged to operations follows:

		For the period ended March 31	
	Note	**2022**	2021
Cost of sales and services	16	**₱2,802,659**	₱814,187
General and administrative expenses	17	**1,016,999**	989,256
		₱3,819,658	₱1,803,443

22. **Financial Risk Management**

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), trade and other payables (excluding statutory payables and unearned income), loans payable, lease liabilities and other noncurrent liabilities (excluding unearned income).

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD regularly reviews and approves policies for managing each of these financial risks as summarized below.

Liquidity Risk

The Company's exposure to liquidity risk relates primarily to the Company's ability to settle its financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Upon availability of cash, the principal amounts of the loans are paid immediately.

The following table summarizes the maturity profile of the Company's financial liabilities as at March 31, 2022 and December 31, 2021 based on contractual undiscounted principal and interest payments:

	March 31, 2022					
	Due and Demandable	**Less than 30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**	**Total**
Trade and other payables*	**₱43,199,148**	**₱28,089,637**	**₱20,905,922**	**₱13,589,871**	**₱234,039,212**	**₱339,823,790**
Loans payable***	**–**	**17,754,250**	**1,061,339**	**1,026,022**	**221,692,491**	**241,534,102**
Lease liabilities***	**–**	**86,737**	**86,737**	**86,737**	**13,980,850**	**14,241,061**
Other noncurrent liabilities**	**–**	**–**	**–**	**–**	**10,521,667**	**10,521,667**
	₱43,199,148	**₱45,930,624**	**₱22,053,998**	**₱14,702,630**	**₱480,234,220**	**₱606,120,620**

**Excluding statutory payables and unearned income amounting to ₱6.7 million and ₱0.5 million, respectively.*
***Excluding unearned income amounting to ₱18.8 million.*
***Including interest

	December 31, 2021					
	Due and Demandable	Less than 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
Trade and other payables*	₱49,531,483	₱32,207,149	₱23,970,411	₱15,581,939	₱268,345,785	₱389,636,767
Loans payable***	–	17,754,250	1,061,339	1,026,022	227,248,047	247,089,658
Lease liabilities***	–	86,737	86,737	86,737	14,241,060	14,501,271
Other noncurrent liabilities**	–	–	–	–	10,521,667	10,521,667
	₱49,531,483	₱50,048,136	₱25,118,487	₱16,694,698	₱520,356,559	₱661,749,363

**Excluding statutory payables and unearned income amounting to ₱14.4 million and ₱0.5 million, respectively.*
***Excluding unearned income amounting to ₱19.2 million.*
***Including interest

Credit Risk

The Company's exposure to credit risk relates to the Company's cash and cash equivalents and trade and other receivables. As an entity engaged in providing hospital and health care services, the Company is exposed to an uncontrollable risk that these debtors, mainly patients, may fail to settle their obligations.

An impairment analysis on trade receivables is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due and historical default rates, which are then adjusted for forward looking estimates through the use of macroeconomic information.

The ECL were measured on a collective basis through disaggregation of trade receivables by type of debtors with similar default risks and loss patterns.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The carrying amount of financial assets at amortized cost recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company has a significant concentration of credit risk with its receivable from Philhealth whose repayment are fully guaranteed by the Republic of the Philippines. Moreover, as a policy, the Company requires patients to make down payments depending on the severity of the medical procedure to be performed. Personal properties, of whatever kind, are also accepted by the Company as collaterals. The Company monitors the receivable balances on an on-going basis. For those receivables that are doubtful of collection, the Company provides adequate allowance for ECL.

The analysis of credit quality per class of financial assets as at March 31, 2022 and December 31, 2021 follows:

	March 31, 2022					
			Past Due but Not Impaired			
	High Grade	**Standard Grade**	**31 - 60 Days**	**61 - 120 Days**	**Impaired**	**Total**
Simplified approach - Trade and other receivables*	**₱–**	**₱62,750,862**	**₱48,558,323**	**₱38,325,017**	**₱100,090,224**	**₱249,724,426**
12-month ECL:						
Cash in banks and cash equivalents	**141,612,027**	**–**	**–**	**–**	**–**	**141,612,027**
	₱141,612,027	**₱62,750,862**	**₱48,558,323**	**₱38,325,017**	**₱100,090,224**	**₱391,336,453**

**Excluding advances to officers and employees amounting to ₱11.1 million.*

	December 31, 2021					
			Past Due but Not Impaired			
	High Grade	Standard Grade	31 - 60 Days	61 - 120 Days	Impaired	Total
Simplified approach - Trade and other receivables*	₱–	₱73,771,277	₱57,086,220	₱45,055,722	₱94,355,541	₱270,268,760
12-month ECL:						
Cash in banks and cash equivalents	95,813,069	–	–	–	–	95,813,069
	₱95,813,069	₱73,771,277	₱57,086,220	₱45,055,722	₱94,355,541	₱366,081,829

**Excluding advances to officers and employees amounting to ₱11.2 million.*

The Company's financial assets are categorized by credit risk rating grades based on the Company's collection experience with the counterparties as follows:

- High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.

- Standard Grade - other financial assets not belonging to high grade financial assets and are not past due are included in this category.

- Past Due - items with history of frequent default.

Capital Management Policy
The Company's capital management objective is to ensure that the Company maintains a strong credit rating and optional capital structure to reduce the cost of capital, to support its business and maximize stockholder value.

The Company considers its total equity as its capital.

The Company's dividend declaration is dependent on the availability of earnings and operating requirements. The Company manages its capital structure and makes adjustments whenever there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders or issue additional shares.

The Company is subject to externally imposed capital requirement in connection with the financial covenants of its loan agreements with creditor banks (see Note 10).

There were no changes in the Company's approach to capital management in March 31, 2022 and December 31, 2021.